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Record Seen for World Rice Output and Trade • Indian Vegetable Oil Imports Slipping—But Still World's Largest • Brazil's Gasohol Program Gains Steam • Eleven Billion-Dollar U.S. Farm Markets

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Cover photo: Rice being loaded for trip to processing mills in India.

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COMMODITY UPDATE

GRAIN: GIVEN THE FAVORABLE PROGRESS OF WINTER GRAINS, generally good planting conditions for spring grains, and increases in grain area in exporting countries, world production will likely reach a new record in 1981. Barring poor weather in the major producting countries, output will exceed utilization and result in some recovery in world stocks in the 1981/82 season, particularly for wheat. On the other hand, poor weather could result in pressures on already low stock levels and possibly force some reduction in feed usage, particularly in the United States.

Other factors affecting the outlook for world grain trade in 1981/82 include the status of U.S. grain sales to the Soviet Union and recessionary and inflationary pressures, which will adversely affect the normal global uptrend in grain utilization. Actual imports and utilization levels will depend largely on the world crop outturn, but demand for grains is expected to be larger than in 1980/81 in both developed and developing countries. In particular, higher imports may be necessary for countries of the Iberian Peninsula and Morocco because of severe drought.

The updated estimate of 1980/81 world grain production, including milled rice, is now 1,428 million tons. This compares with the estimate of 1,426 million tons that appeared in the March report. There have been no major changes in the world trade picture as the 1980/81 season moves to a close. However, there has been a modest upward adjustment in the estimate of the ending stock level for world coarse grains and rice. This adjustment was largely because of upward revision of the corn crop estimate for South Africa and the rice crop estimates for Burma and Indonesia.

TABLE OLIVES: IN THE UNITED STATES, THE PACKING INDUSTRY reported receiving 98,057 metric tons of olives in 1980, compared with 53,163 tons in 1979. It canned 69,706 tons in 1980 versus 47,443 tons the previous year. Because of the larger crop, the growers' average price dropped from $450 per metric ton in 1979 to $381 in 1980.

U.S. olive imports in 1980 (excluding the category "otherwise prepared or preserved") were 14.8 million gallons, with Spain and Greece supplying about 90 percent and 7 percent, respectively.

COTTON: WORLD PRODUCTION IS ESTIMATED AT 65.2 MILLION BALES (480 lb net) in 1980/81. Based on the FAS *World Crop Production* Circular of April 9, 1981, U.S. production is estimated at 11.1 million bales and foreign production at 54.1 million. Soviet production is estimated at a record 14.3 million bales and Chinese production at 12.1 million bales.

The March prospective plantings report indicates cotton planted area in the United States in 1981/82 will be 14.5 million acres, 1 percent less than in 1980/81.

U.S. 1980/81 cotton exports are forecast at 6.0 million bales. Exports of 4.2 million running bales were reported to the USDA through the week ending April 2, 1981. During the 1979/80 season, exports totaled 9.2 million bales, the highest level since 1926/27.

DECIDUOUS FRUITS AND GRAPES: IN 1980, MAJOR COMMERCIAL producting countries increased output for the third consecutive year. Combined crops of apples, pears, apricots, cherries, peaches, plums, and prunes totaled 32,815,500 tons—only slightly above the 1979 level but 7 percent greater than the 1978 outturn.

Bulk of the world's commercial deciduous fruit supplies is produced in Europe. A steady pattern of growth has emerged in the European Community, where combined output has increased 30 percent since 1977. A similar expansion has occurred in North America, as output in the United States has escalated each year.

The greatest growth potential, however, appears to be in countries of the Southern Hemisphere, particularly Chile, New Zealand, and South Africa. Increased plantings, more sophisticated marketing schemes, and favorable world prices have figured prominently in the industry's success in these countries.

Although there are vineyards in practically every country of the world, commercial producers of table grapes are somewhat limited. The largest commercial supplier of grapes is Italy—which annually provides about one-third of the world's table grapes—followed by the United States and Spain. Together, these three countries contributed 59 percent of the 4,084,900 tons of table grapes produced commercially during 1980.

OILSEEDS: WORLD PRODUCTION FOR 1980/81 IS FORECAST at 162.2 million metric tons, 100,000 tons less than the March estimate. A reduction in Argentine soybean production—of 300,000 tons—was partially offset by upward revisions in Argentine sunflowerseed and peanut production and Indian and Eastern European rapeseed output.

The value of U.S. oilseed and product exports, estimated at $4.3 billion in the first 5 months of fiscal 1981, continues below the 1980 figure. U.S. soybean exports for the first half of the current marketing year (Sept.-Feb.) are down 22 percent. Lower U.S. exports to the European Community and a complete halt in exports to the Soviet Union account for most of the decline.

Larger imports of peanuts contributed strongly to the 15-percent increase in the value of U.S. oilseed and product imports, currently estimated at $349.9 million.

COFFEE: USDA'S FOURTH ESTIMATE OF 1980/81 WORLD PRODUCTION is 80.7 million bags (60 kg each), 500,000 bags above the previous estimate but 700,000 bags below the revised estimate for 1979/80 of 81.4 million bags. Exportable production, which is harvested production less domestic consumption in producing countries, is estimated at 60.5 million bags, 1.8 percent lower than the estimate of 61.6 million bags for 1979/80. Upward revisions in the estimates for El Salvador, Peru, Colombia, Ivory Coast, and Madagascar more than offset lower estimates for Costa Rica, Honduras, Mexico, Uganda, India, and Indonesia.

Based on crop year data for individual producers—and assuming there are no further cuts in the year's export quotas—world coffee exports in 1980/81 should total about 61.235 million bags, down 656,000 bags from the preceding year's level. Producer held stocks would then total only 24.577 million bags, the lowest level in over 20 years.

HOPS: WORLD OUTPUT ROSE TO 122,750 METRIC TONS IN 1980, according to FAS's first crop estimate. This was 5 percent above the 1979 outturn. The major increase was in the United States, where both harvested area and yields increased dramatically because of excellent market prospects and growing conditions. West Germany, usually the world's No. 1 producer, was adversely affected by unfavorable summer weather and wilt disease, and fell to second place behind the United States.

World prices and demand remain high in 1981 and both countries are expected to expand hop area and have sizable harvests. The United States exported smaller volumes of raw hops in the 1979/80 marketing year (September 1-August 31), but this was more than offset by increased exports of hop extract.

Although U.S. hop stocks were at a low level on September 1, 1980, the United States is expected to again have a strong export year for its hops and hop products in 1980/81.

HARD FIBERS: THE FAO INTERGOVERNMENTAL GROUP ON HARD FIBERS held its scheduled Sixteenth Session in Salvador, Bahia, Brazil, March 25-30, 1981. The session was attended by representatives from 18 countries, including a three-man U.S. delegation, representatives of the United Nations Conference on Trade and Development (UNCTAD), the International Trade Center UNCTAD/GATT, the European Community, and observers from trade and industry. Major producers of sisal, abaca, and coir expressed concern over poor market prospects for 1981 and what they considered to be their greatest single problem—competition from synthetics.

World Rice Production, Trade To Hit New Highs This Year; Stocks To Rise

By Robert Tetro

Indonesian farmer applying fertilizer to his rice crop.

World rice production and trade are forecast at record levels in 1980/81. With global consumption expected to fall slightly below long-term trends, a buildup in world stocks—especially among major importers—is forecast.

Preliminary production prospects for 1981/82 indicate a modest increase, but a slight dip is anticipated in the world rice trade.

U.S. rice exports during calendar 1981 are expected to reach 3.2 million metric tons, compared with 3.0 million the year earlier. U.S. rice shipments in 1982 are not expected to show much change from this year's level.

World rice production during the 1980/81 season is expected to reach 397 million tons (paddy), up more than 5 percent from 1979/80's drought-reduced level. While a recovery in India's rice production to a record 81.1 million tons accounts for most of this increase, plentiful summer and fall monsoon rains and good harvest conditions contributed to record crops in Indonesia (normally the world's largest rice importer), Thailand, Burma, and Bangladesh, and larger harvests in Sri Lanka and Malaysia.

In marked contrast, last summer's unusually cool, wet, and overcast weather in South Korea and Japan caused dramatic reductions in crop estimates—to the lowest level since 1968 in Korea and since 1954 in Japan. In addition, adverse weather has lowered China's yields for this season. Poor weather, plus reductions in area and a lower incidence of double-cropping, points to a Chinese rice crop some 3.0 million tons lower than the previous year's crop of 144 million tons.

With world rice production ex-

The author is an agricultural economist, Foreign Agricultural Service.

pected to exceed consumption this season, a buildup is foreseen in the world's carryover stocks—with most of the buildup occurring among major importing countries. Some exporting countries, particularly Burma, are also expected to add to their stock levels. In addition, stocks will be up significantly in India, but down sharply in Japan.

Foreign rice consumption is seen rising just over 2 percent (5.2 million tons, milled) this season, up considerably from 1979/80's drought-depressed level. Despite the increase, however, world consumption would remain 1-2 million tons below long-term trends.

The stagnation that has characterized recent trends in global per capita rice consumption results primarily from actual declines in several developing regions, inasmuch as rather significant growth has occurred in selected higher-income countries in Africa and the Middle East that import the bulk of their requirements.

World trade is forecast at a record 13.1 million tons in 1981, with the increase of nearly 1 million tons stemming largely from South Korean import requirements. Also contributing to the expansion are prospects for increased demand in Nigeria, the Ivory Coast, the European Community (EC), and several Mideast markets. In contrast, Indonesia is expected to cut its import from 2 million tons in 1980 to about 1.8 million this year.

Preliminary projections for 1981/82 world production suggest only a modest increase to about 400-405 million tons. This assumes more normal growing conditions in China, Japan, and South Korea, plus modest declines by such major producers as Burma, Indonesia, Thailand, and Bangladesh, which experienced exceptionally good growing conditions this season.

World rice trade in 1982 will depend upon the extent to which increased demand in Indonesia and key Mideast and African markets offsets the anticipated drop in Korea's requirements. On balance, a modest reduction in world trade is currently in prospect.

The net effect of U.S. export prospects for 1982 will be moderated by the likelihood that other countries will bear the brunt of diminished demand in South Korea.

Major Exporters

Thailand. The main 1980/81 crop, harvested from October to January, is estimated at 16 million tons (paddy), up about 10 percent from the weather-reduced crop of 14.5 million tons last season. Contributing to the increase were improved yields in Thailand's northern and northeastern areas. As a result, much of the increase will be in glutinous rice, for which there is only limited international demand.

With water reserves currently adequate for the dry-season crop, Thailand should produce another 2 million tons from the spring crop (harvested during May and June), bringing total output to about 18 million tons.

Rice exports in 1980 reached 2.7 million tons (milled) about the same as during the previous year. Larger movement was precluded by mid-season changes in export policy that were viewed as necessary given the uncertainties prevailing about the size of the 1980 spring crop and the main fall-harvested 1980/81 crop.

This year, Thailand hopes to improve upon last year's performance, with shipments to such nontraditional markets as South Korea, China, and Brazil. While the forecast for 1981 exports stands at 3.0 million tons, supplies would allow movement of more than 3.2 million tons. However, the actual levels could be adversely affected by the higher proportion of lower grades and glutinous rice characterizing exportable supplies from the 1980 crop.

Pakistan. Output this season is estimated at 4.65 million tons, down from last season's 4.83 million and the record 4.91 million in 1978/79. The decline primarily reflects reduced area devoted to higher-yielding IRRI varieties, particularly in Punjab Province, as well as lower fertilizer use and greater insect and pest damage. Partly offsetting the move away from IRRI rice in the Punjab, production of basmati rice (aromatic long grain, but lower yielding) has been increasing because of export demand, especially in the Middle East. Output totaled 886,000 tons in 1979/80, a gain of 58 percent in just 2 years.

Exports last year amounted to 961,000 tons, considerably below the 1.37 million tons shipped in 1979.

Exports are expected to recover during 1981, but movement to medium-quality rice markets is suffering inasmuch as the Rice Export Corporation of Pakistan has experienced difficulties in meeting its procurement targets of IRRI rice from the Punjab.

Burma. The combination of excellent weather and success in adopting high-yielding varieties (HYV) points to a record crop of about 12.8 million tons in 1980/81. For the past 3 seasons output has been at record levels, despite some abandonment of area last year because of drought. Official support for the HYV program is geared to regaining export markets lost over the past 10-15 years of stagnant production and declining export supplies.

In order to tie together the HYV program and its export drive, the Government has increasingly been offering price differentials (bonuses) for better quality rice and has instituted a three-tiered pricing structure for exports in order to maximize sales opportunities.

Burma's rice exports have averaged just over 500,000 tons annually during the past decade, compared with the 1.6-million-ton average during 1961-65. Shipments in 1980 were about 550,000 tons, with Indonesia and Sri Lanka accounting for about one-third of the total. Although 1981 export targets are set as high as 1.2 million tons, actual movement is more likely to be around 750,000 tons, reflecting infrastructural deficiencies and inadequate storage.

Japan. Current statistics indicate that Japan's average rice yield during 1980/81 will be the lowest in 26 years because of extremely bad weather. Production is now placed at 12.2 million tons, down some 18 percent from last year's. This season's crop was produced on 120,000 fewer hectares than 1979's, in part reflecting progress at diverting riceland in order to restore a balance between supply and demand.

Exports and feed use of rice are other chosen means of reducing stocks to more normal levels. During 1980/81 (April-March), Japan hopes to absorb 500,000 tons of surplus rice into feed channels. In 1980, exports reached 640,000 tons versus 575,000 tons a year earlier, with Indonesia, South Korea, and Bangladesh taking around 75 percent of all exports.

Increased shipments to South Korea are expected to boost exports this year to around 950,000 tons.

India. The record 1980/81 crop is estimated to be 28 percent greater than last season's 63.3 million tons. The sharp production gain results from improved weather, a 3.5-percent expansion in area, good growing condi-

tions, and a slight increase in fertilizer use during the Kharif (summer) season.

India's emergence as a factor in world rice markets has been largely under the auspices of its rice-for-oil agreement with the Soviet Union (presumably, most of the rice shipped earlier under barter terms was destined for Vietnam and/or Kampuchea). Indian rice exports have risen from a mere 19,000 tons in 1977 to an estimated 550,000 tons in 1980.

China. The downtrend in Chinese rice area, which began in 1977/78, continued into 1980/81, and yields in 1980 were affected by various kinds of unfavorable weather. As a result, production is estimated at 141.5 million tons, down from 144 million in 1979/80.

Exports during 1980 are placed at 1.0 million tons, compared with 1.1 million in 1979 and 1.4 million in 1978. China's traditional export outlets include Indonesia, Hong Kong, Malaysia, Madagascar, Mauritius, the Ivory Coast, Cuba, Peru, and Poland. Exports in 1981 are estimated to drop slightly to about 800,000 tons, largely because of the decline in Indonesia's import needs, and evidence that China is being less aggressive this season in promoting exports.

Australia. Paddy production from the 1980/81 crop, harvested during April and May, is placed at 610,000 tons, only a marginal gain from the previous year's. Prospects this season have been dampened by tight water supplies at major storage areas.

Exports during CY1979 totaled 400,000 tons, mostly to such traditional markets as Papua New Guinea, Hong Kong, and Indonesia. Shipments in 1980 dropped to roughly 321,000 tons, with lower movement to such a nontraditional destination as the USSR accounting for the decrease. Shipments in 1981 are expected to increase to around 375,000 tons.

Major Importers

South Korea. Paddy production in 1980/81 is forecast at 5.1 million tons—the lowest in 12 years and off 35 percent from the previous year's. Disease problems and crop failures in recent years have caused farmers to switch back to traditional (lower yielding) varieties.

The crop failure in 1980 is expected to foster further significant reductions in HYV use. As a consequence of these trends, future production is expected to stabilize at a lower level, thus, requiring larger imports.

The recent crop shortfalls have propelled South Korea into the role of the world's largest rice importer in 1981. Imports are expected to approximate 2.2 million tons, compared with 757,000 tons in 1980 and a 1976-79 average of only 149,000 tons.

While the United States is expected to provide roughly 1 million tons to South Korea this year, other significant suppliers will be Japan, Australia, Thailand, and Burma.

Indonesia. Indonesia has cut back 1981 deliveries as a result of an increase in production to an estimated 29.3 million tons—the third consecutive record crop. Major suppliers to the Indonesian market in 1980 (in thousand tons) were: Thailand (695); China (294), Taiwan (266), Japan (238), the United States (221), Burma (113), the Philippines (92), and Australia (50).

Despite the production advances of recent years, import needs of the world's fifth most populous nation will probably continue to rise. While somewhat speculative at this juncture, import requirements during 1982 will probably rise to about 2.0 million

Workers transplanting rice in India, where the 1980/81 harvest reached a new high.

World Rice Supply and Utilization, 1978/79-1980/81

[In 1,000 metric tons]

Item	1978/79	1979/80[1]	1980/81[2]
Production[3]			
U.S.	4,272	4,328	4,771
Foreign	254,912	249,563	261,776
World	259,184	253,891	266,547
Exports[4]			
U.S.	2,267	2,977	3,200
Foreign	10,247	10,443	9,931
World	11,933	12,260	13,131
Utilization			
U.S.	1,686	1,817	1,781
Foreign	252,987	256,878	262,095
World	254,673	258,695	263,876
Carryover stocks			
U.S.	1,037	845	635
Foreign	27,172	22,560	25,441
World	28,209	23,405	26,076

[1]Preliminary. [2]Estimates. [3]Milled basis. [4]Calendar years.

tons, and could go as high as 2.4-2.7 million, depending on the eventual level of the 1981/82 crop and BULOG's (the government's purchasing, marketing, and storage agency) requirements for domestic market operations.

Brazil. Production during 1980/81 is forecast to drop to about 9.1 million tons, although evidence of below normal precipitation in February and March—which accounts for the decrease—could foster an even larger cutback in season's crop prospects. The decrease in production currently anticipated for 1980/81 reflects recent weather developments as well as unimpressive efforts at expanding area through the provision of production incentives. Weather will remain the key to medium-term production trends inasmuch as about 75 percent of its crop is upland rice.

Consumption of rice continues to trend upward, most recently the combined result of scarce and high priced manioc flour and dry edible beans and relatively abundant supplies and lower prices for rice. A continuation of these trends is foreseen for the immediate future as the consumer subsidy on wheat is reduced and population growth trends continue. Such trends have recently necessitated the import of as much as 745,000 tons (1979).

Last year's increase in production allowed a moderation in calendar 1980 imports (100,000 tons) and 1981 requirements are currently forecast to increase to around 250,000 tons. The latter could understate eventual levels if weather developments lead to further downward revisions in production and the Government holds to its goal of maintaining stocks at 1.1 million tons.

Nigeria. Favorable weather and a 14-percent increase in area will likely push Nigeria's rice production up about 18 percent to 10.3 million tons during 1980/81. Although output has almost doubled in the past 6 years, population growth and rising per capita consumption have led to a widening food gap, which has increasingly been met by imports.

To stabilize domestic prices in 1981, the Government will have to import 500,000-600,000 tons. In recent years, the United States and Thailand have accounted for virtually all Nigerian rice purchases. Recent trends in domestic production and consumption, coupled with a stable import policy, could necessitate an import level of 1.0-1.2 million tons by 1985.

Senegal. Moisture deficiencies have been responsible for rather substantial declines in Senegal's rice area and yields over the past few years. Most of the country's crop is upland rice—susceptible to weather variations. Production in 1980/81 is estimated at only 68,000 tons, a drop of 54 percent in just 2 years. As a result, imports are expected to climb to more than 325,000 tons this year.

Ivory Coast. Output is expected to rise slightly to an estimated 550,000 tons in 1980/81. Stagnation in the country's crop over the past several years has resulted mainly from ineffective price support policies. As a consequence, the Ivory Coast has been forced to rely more and more on imported rice. Requirements this year are estimated at 265,000 tons versus 236,000 last year and the 1975-79 average of just over 100,000 tons.

The United States was the major rice supplier until 1980 with China, Burma, and Pakistan making inroads into this market where price, not quality, is the paramount factor.

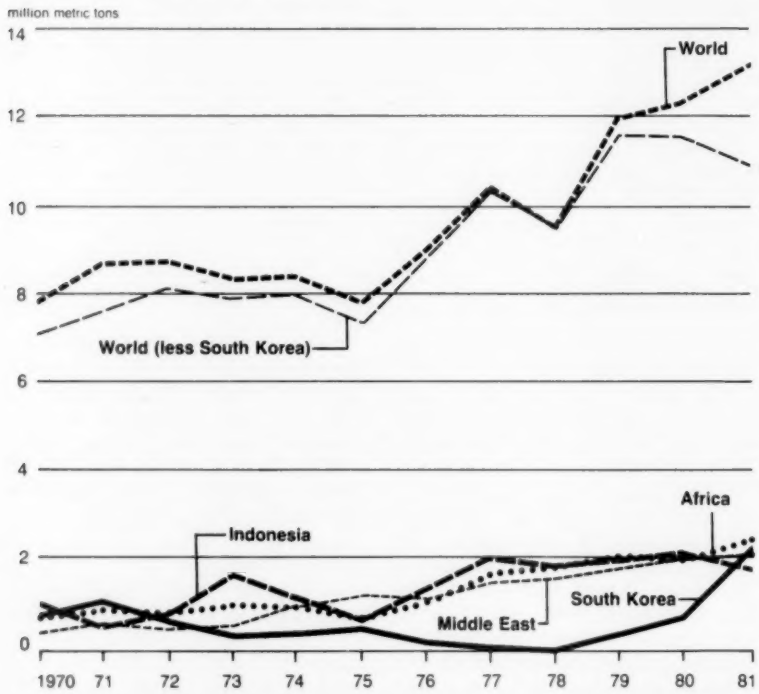
Middle East. Rice imports by Mideast countries[1] have jumped from only 585,000 tons a decade ago to a projected 2.1 million tons this year. In recent years, the annual increase has averaged about 120,000 tons.

Major factors fueling this growing level of rice import demand include: The unprecedented growth in petroleum revenues; an urban migration tied to the creation of new jobs and coupled with rapid gains in per capita income; government programs that provide wider income distribution and subsidies on many consumer items; population growth; and a virtual stagnation in total cultivated area.

Three countries—Iran, Iraq, and Saudi Arabia—account for about three-fourths of current imports; a proportion which could understate actual amounts as a result of transshipments via the United Arab Emirates and such European destinations as Switzerland, Belgium, and the Netherlands. Such transshipments are presumed destined for the Iranian market. □

[1]Includes Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, United Arab Emirates, and Yemen (Sana and Aden).

World Rice Imports, Milled, 1970-81



Indian Vegetable Oil Imports Seen Declining Slightly in '81; Policy Changes Portend Further Drop

By Rip Landes

India will remain the world's largest importer of vegetable oils in 1981 despite a prospective dip in its purchases this year. However, Government efforts to boost oilseed output and better utilize domestic availabilities point to further import declines in coming years.

Current forecasts put the country's imports of vegetable oils in 1981 at 1.2 million metric tons, off slightly from the 1.4 million tons estimated for 1980. This prospective reduction reflects anticipated recovery in domestic vegetable oil production from the drought-reduced 1980 level. The favorable 1980 monsoon and more competitive producer prices for oilseeds are expected to boost 1981 production of vegetable oil to about 3.0 million tons from an estimated 2.7 million in 1980.

Imports this year also will be affected by a Government-enforced reduction in the percentage of imported oils used in the production of vanaspati,[1] and growing concern over deterioration of foreign exchange reserves owing to the rising cost of petroleum imports.

Shipments of vegetable oils to India during 1980 (see Table 1) are estimated to have included 692,400 tons of soybean oil, 515,000 tons of crude and refined palm oil, and 131,000 tons of rapeseed oil. The bulk of India's 1980 imports were provided by traditional suppliers. The major suppliers of soybean oil during 1980 were the United States (366,405 tons) and Brazil (about 261,000 tons). Malaysia (about 398,000 tons) and Singapore (about 117,000 tons) were the major suppliers of palm oil, while Canada (about 100,000 tons) provided most of the rapeseed oil shipments during 1980.

India's 1981 import policy is yet to be announced, but it is not expected to call for a sharp reduction in total imports and per-capita availability for fear of further aggravating consumer food prices. Food prices rose steadily through most of 1980—and are expected to remain high through most of 1981—because of shortages precipitated by the 1979 drought and increases in producer fertilizer and fuel prices.

The trade impact of Indian efforts to reduce the proportion of imported oils used in vanaspati production—from 95 percent to 70 percent—is uncertain, however, the change should lead to greater use of imported oils for direct consumption. Allocation of a greater percentage of imported oils for direct consumption could lead to a reduction in the soybean oil component of total imports because it has less consumer acceptance for direct consumption than does refined palm oil.

Efforts to conserve foreign exchange should lead India to continue to concentrate purchases on the least expensive oils available on the market. India's once-comfortable foreign-exchange position has been jeopardized by large spot-market petroleum purchases necessitated by the interruption of supplies from the northeastern state of Assam and by the interruption of contracted deliveries from Iran and Iraq. Recently, vegetable oils have been India's third most expensive import item, behind petroleum and fertilizers.

Current projections are for India's 1981 imports to include about 500,000 tons of soybean oil, 520,000 tons of palm oil, and 150,000 tons of rapeseed oil. These projections are based on the expectation that soybean oil prices will be even more competitive with those of palm oil than has historically been the case because of the emerging soybean oil surplus in the United States and other suppliers. U.S. exports of soybean oil to India during 1981 are projected at 250,000-300,000 tons, but increased competition from other suppliers, including Brazil and Spain, could substantially reduce the U.S. share.

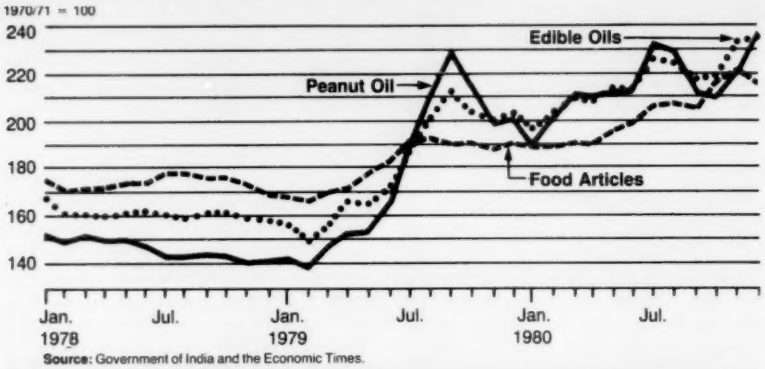
Production of peanuts, India's major oilseed, is expected to increase from 5.8 million tons during the 1979/80 season (October-September) to about 6.0 million tons during 1980/81. The entire Hand Picked and Selected (HPS) peanut export quota of 50,000 tons for 1980/81 has been contracted for shipment—mostly to traditional European and Southeast Asian markets. Trade groups in India have been pressuring for, and the Government is seriously considering, an increase in the 1980/81 HPS peanut export quota in order to take advantage of high world prices. The argument is that high peanut prices will boost foreign exchange earnings of HPS peanut exports enough to more than offset the cost of additional oil imports they necessitate and contribute significantly to financing the total vegetable oil import bill.

India's ability to reap the net foreign exchange earnings of expanded HPS peanut exports is hampered by soaring domestic prices for peanut and other indigenous oils. Peanut oil is the cooking medium most favored by Indian consumers, and any reduction in supply is likely to increase its price, despite the availability of less-preferred imported soybean and palm oils. The new policy of requiring greater use of domestic oils in vanaspati will boost prices for other domestic oils but should not have a substantial effect on the price of peanut or rapeseed oils because their

[1] *Hydrogenated vegetable oil—usually the largest single use of imported palm and soybean oils.*

The author is an agricultural economist with the International Economics Division, Economics and Statistics Service. Alan Holz—Oilseeds and Products Division, FAS—also contributed to the article.

India: Wholesale Price Indices for Food Articles, Edible Oils, Peanut Oil: Monthly Jan. 1978-Dec. 1980



Source: Government of India and the Economic Times.

Major Importers of Vegetable Oils, 1977-80

[In 1,000 metric tons]

Country	1977	1978	1979	1980[1]
India	1,035	1,180	1,103	1,373
France	602	678	673	710
United States	875	781	763	694
Germany (FR)	519	570	601	678
Netherlands	458	424	446	501
Italy	382	359	474	492
Pakistan	285	268	412	420
United Kingdom	453	482	490	414

[1]Estimated.
Source: FAO, ESS estimates.

Exports of Selected Vegetable Oils From Selected Countries to India, 1975-80

[In 1,000 metric tons]

Item	1975	1976	1977	1978	1979	1980[1]
Palm oil:						
Indonesia	28.0	13.1	40.7	40.0	13.0	0
Malaysia	23.1	9.2	202.0	332.2	282.7	398.0
Nigeria	10.7	3.3	—	—	—	—
Singapore	—	—	77.4	114.3	100.4	116.6
Total	61.8	25.6	320.1	486.5	396.1	514.6
Rapeseed oil:						
Canada:						
Oil	9.4	23.2	66.8	46.0	70.1	100.0
Seed as oil	5.6	—	10.6	82.8	7.5	—
Dutch warehouses	.5	1.0	63.6	44.5	33.3	10.0
France	—	2.8	50.2	42.2	8.9	10.0
Netherlands	—	2.9	15.9	11.0	5.7	1.0
Sweden	—	3.7	12.0	2.8	—	1.0
West Germany	—	1.3	76.0	39.0	2.7	—
Other	—	2.5	2.9	4.3	9.4	5.0
Total	15.5	37.4	298.0	272.6	137.6	131.0
Soybean oil:						
Argentina	—	5.9	—	15.2	—	—
Brazil	.8	55.7	181.4	183.4	240.2	261.0
France	—	3.2	—	9.9	21.2	40.0
Netherlands	—	6.9	1.0	17.8	56.2	20.0
Spain	—	20.0	24.2	13.2	—	—
United States	2.9	53.1	229.9	266.8	225.2	366.4
West Germany	—	5.2	3.1	3.4	1.4	—
Other	—	1.4	1.5	3.0	10.7	5.0
Total	3.7	151.4	441.1	512.7	554.9	692.4

— equals none or negligible. [1]Estimated.
Source: FAS and ESS estimates.

use in vanaspati production is banned.

The unseasonal surge in peanut oil prices in recent months is reportedly due to speculative hoarding by producers and middlemen. The Government is expected to wait until later in the season for a better assessment of the 1980/81 oilseed crops, and to see if peanut oil prices soften, before making a decision on increasing the export quota.

India's current policy of importing large amounts of vegetable oil, initiated in 1977, was predicated on a comfortable foreign-exchange position, and the need to satisfy growing consumer demand and arrest price increases. But continued chronic shortages of domestically produced oils, rising prices, and the size of the vegetable-oil import bill have led to growing concern in India over policies affecting the production and import of vegetable oils.

Oilseed and oil production have stagnated in recent years (see Table 2) because the low yield of existing varieties has rendered oilseed cultivation relatively unprofitable, particularly on higher quality irrigated land. Technological advances and Government policies have been oriented toward enhancing and ensuring the productivity and profitability of cereals, while oilseed cultivation has received little attention.

Sharp increases in oilseed prices have boosted the viability of oilseed cultivation in the last 2 years, but producer groups still argue that the policy of importing large quantities of vegetable oil has kept producer prices lower and more uncertain than is necessary to expand production. Also, despite imports averaging 1.3 million tons per year since 1978, shortages of preferred indigenous oils have led to continued increases in vegetable oil prices.

Recent policy initiatives by the Government suggest a new emphasis on the promotion of oilseed production. The recent 25-percent increase in the domestic oil requirement for vanaspati is expected to lead to an increase in the prices of many domestic oilseeds and stimulate production. Although details are not yet available, India's redrafted Sixth Five-Year Plan, covering fiscal years 1980/81 through 1984/85, is expected to place a major emphasis on oilseed production by setting higher growth rate targets and devoting additional

resources to stimulating production. It is expected that there will be additional emphasis on oilseed technology, improving the availability of quality seeds, expanding extension efforts aimed at promoting the use of recommended practices, and improving oilseed marketing arrangements.

Indicative of the new focus on oilseed production is the funding of new oilseed development projects in several states. A project in Gujarat, already India's largest peanut producer, will aim at increasing peanut production from 1.8 million tons in 1979/80 to 2.7 million tons in 1985/86. In Madhya Pradesh, plans are to increase soybean area to 1.8 million hectares and production to 1.4 million tons by 1985, nearly tripling the quantity of soybeans produced in all of India during 1980. Also, Tamil Nadu has initiated a 7-year project to place an additional 250,000 hectares under the cultivation of peanuts and other oilseeds, and in Kerala a project is underway to expand the cultivation of oil palm.

Government efforts to increase domestic production of milk and eggs, programs expected to receive additional emphasis in the new 5-year plan, are also likely to increase demand for oilmeals and enhance the profitability of oilseed production in the future. India produced about 4.6 million tons[2] of oilmeals annually during 1976-80. Indian exports of oilmeals averaged about 1 million tons[2] annually during the same period but have dropped off in the last 3 years because of stagnating production and increased domestic demand.

Consumers in India have been hit hard by recent increases in vegetable oil prices, which have come in the context of a general increase in the price of many food items, particularly sugar and, more recently, wheat. The Government is attempting to ease the burden on consumers by increasing the role of Government fair-price shops in distributing vegetable oils at reduced prices. The distribution of vanaspati and refined vegetable oils through fair-price shops, although still a small percentage of total consumption, increased from 23,539 tons in 1976/77 to about 300,000 tons in 1979/80. The target for public distribution of vegetable oils during the 1980/81 season is 450,000 tons.

Even with these new initiatives to increase domestic vegetable oil production and reduce the cost of imports, it is unlikely that India will relinquish its position as the world's largest importer of vegetable oils in the near term. And it remains to be seen if the new policies will be given the necessary priority to be effective in reducing India's demand for imported vegetable oils in the longer term. □

[2]44-percent soybean-meal-equivalent basis.

U.S. Soybean Oil Exports by Destination, 1977-80

[In metric tons]

Country	1977	1978	1979	1980
India	229,878	268,174	225,245	366,405
Pakistan	97,935	95,814	163,539	150,221
China	61,792	44,203	58,817	99,657
Colombia	38,092	51,156	83,287	79,301
Peru	58,076	63,329	24,527	32,774
Bangladesh	20,701	26,712	53,020	9,934
Iran	49,783	117,840	107,659	0
Other	217,531	262,052	413,238	357,789
Total	773,788	929,280	1,129,334	1,096,080

Source: U.S. Bureau of the Census.

India: Supply and Distribution of Vegetable Oils, 1975-81

[In 1,000 metric tons]

Item	1975	1976	1977	1978	1979	1980	1981
Beginning stocks[1]	159	166	222	209	321	334	309
Oil production:[2]							
Castor	73	50	63	76	80	82	86
Coconut	216	211	219	234	225	213	212
Cottonseed	170	210	180	180	200	200	200
Linseed	176	187	131	165	166	84	139
Nigerseed	41	47	35	46	47	37	49
Peanut	1,230	1,625	1,267	1,465	1,494	1,389	1,440
Rapeseed	709	610	489	520	577	444	666
Safflower	45	51	47	40	44	49	52
Sesame	118	144	127	156	154	111	150
Soybean	3	9	22	26	33	46	70
Total	2,781	3,144	2,580	2,908	3,020	2,655	3,064
Imports:[3]							
Coconut oil	—	2	19	23	16	16	25
Palm oil	62	26	320	486	396	515	520
Peanut oil	1	16	38	4	—	—	—
Rapeseed oil	16	37	298	273	138	131	150
Soybean oil	4	151	441	513	555	692	500
Sunflower oil	—	—	17	28	17	10	5
Total	83	232	1,133	1,327	1,122	1,364	1,200
Total supply	3,023	3,542	3,935	4,444	4,463	4,353	4,573
Oil exports:[4]							
Castor	22	34	24	40	50	60	50
Linseed	27	44	3	0	0	0	0
Peanut	31	73	16	31	18	7	25
Sesame	8	9	1	1	2	2	2
Other	6	10	8	5	4	4	5
Total	94	170	52	77	74	73	82
Availability	2,763	3,150	3,674	4,046	4,055	3,971	4,143
Ending stocks[1]	166	222	209	321	334	309	348
Total distribution	3,023	3,542	3,935	4,444	4,463	4,353	4,573
				Millions			
Population	609.1	621.4	633.9	646.0	658.4	671.3	684.5
Per capita availability	4.54	5.07	5.80	6.26	6.16	5.92	6.05

—equals none or negligible.

[1]Stock data estimated from attaché reports and include oilseeds as oil and stocks of imported oils.

[2]For fall-harvested crops, oil production is allocated to the following year; for spring-harvested crops, it is allocated to the same year.

[3]Based on partner-country export data; includes oilseeds as oil; 1979-81 data are estimated.

[4]Based on GOI export data; 1978-81 data are estimated.

Sources: Government of India, FAS, Attaché Reports, ESS estimates.

Brazil's Gasoline Replacement Program Increases Pace as Alcohol Mix Goes on Sale

By João F. Silva

Brazil's program to replace gasoline with alcohol produced from sugarcane picked up steam in 1980 as motorists there began to use a mixture of up to 20 percent alcohol and 80 percent gasoline, as well as the use of fully powered alcohol cars, the latest steps in the Government's drive ultimately to replace petroleum-based auto fuels with alcohol-based fuels.

The gasoline replacement program (now known as PROALCOOL), currently consists of a variety of intertwined activities that include boosting sugarcane production to support a massive increase in alcohol output by 1985, seeking alternative plant materials for alcohol production, manufacturing alcohol-fueled cars, and converting gasoline-driven autos to alcohol/power. Also underway are projects to develop alcohol- and vegetable oil-based substitutes for diesel fuel and to build the infrastructure necessary for alcohol storage and distribution.

PROALCOOL's first objective was adoption of the 20:80 anhydrous alcohol/gasoline mix in 1980, a ratio selected after exhaustive tests demonstrated that automobile engines performed at high efficiency with this mix.

The second phase of the program is twofold: To phase out gasoline as a fuel for most vehicles, replacing it with hydrous alcohol, and—in the case of diesels—to provide an alcohol/petroleum or alcohol/vegetable oil mix as a substitute for diesel fuels. By far the most ambitious element of PROALCOOL, the second phase requires many programs to mesh into one another to form a perfectly coordinated whole.

Alcohol-powered cars must be manufactured and moved into showrooms in adequate numbers to meet the demand of Brazilian consumers, perhaps helped by Government subsidies. At the same time, sufficient alcohol must be produced to power these cars, and a distribution/storage system must be established to equitably allocate alcohol to consumers and store the surplus.

The Government and the Brazilian Automobile Manufacturers Association have signed a protocol calling for production of 900,000 alcohol-fueled automobiles between 1980 and 1982. In addition, plans call for the modification of 270,000 existing cars to alcohol consumption.

Sugarcane is the only feedstock now being used for alcohol production. Under an indirect method, the sugarcane is crushed for sugar and 12 liters of alcohol per ton of sugarcane are produced as a byproduct from the molasses residue. Under the direct method, the cane is crushed, the must fermented, and processed directly for alcohol, producing 67 liters per ton of cane. In 1981, the production goal is 4.8 billion liters of alcohol, marking the first step in a two-phase plan to produce 10.7 billion liters of alcohol by 1985. Some 3.1 billion liters of the 1985 total are to be used as anhydrous alcohol to blend 20:80 with gasoline; 6.1 billion liters will be used as hydrous alcohol to fuel vehicles adapted to run on pure alcohol; and 1.5 billion liters are to be used by the petrochemical industry.

Brazil is the world's largest producer of sugarcane, with a 1979/80 crop of 136 million tons, and a 1980/81 production target of 140 million tons. Some 72 million tons of cane will be required to produce 1981's 4.8 billion liters of alcohol, a volume that must be boosted by 122 percent to produce the 10.7 billion liters projected for 1985.

Although Brazil's alcohol production is based on sugarcane, other possible alcohol sources are being scrutinized. Manioc, a starchy root used as a food staple, is a likely source of alcohol since its potential extraction rate is about 180 liters of alcohol per ton of manioc, compared with 67 liters per ton of sugarcane.

The first manioc alcohol distillation plant has been built in Minas Gerais State at a cost of $6.5 million. Production capacity of this Government-owned plant is 60,000 liters of alcohol per day, but the region's low manioc yield (5 tons per hectare) and inadequate transportation facilities have made it impossible to operate the plant at more than 40 percent of capacity. However, construction of 11

Mr. Silva is an agricultural specialist, Office of the U.S. Agricultural Attaché, Brasília.

From left: Brazilian motorist filling auto tank with alcohol/gasoline mix at a local filling station, and pile of manioc rootstocks. About 180 liters of alcohol can be processed from a metric ton of manioc roots.

manioc alcohol plants has been approved. When working at full capacity, the plants are expected to push manioc-based alcohol output to 345 million liters a year, equal to about 9 percent of the country's anticipated alcohol production.

Manioc for alcohol will be produced from new, large plantings. The average yield of manioc is only about 12 tons per hectare, but output can be increased sharply with use of improved plant varieties and adequate fertilizer. Other pluses in manioc's favor are that it grows on depleted soils considered unsuitable for other crops, and can be harvested throughout the year. Sugarcane, in contrast, requires good soils and a regular fertilization program for optimum yields and is harvested seasonally.

Sweet sorghum also appears to be a promising raw material for alcohol production. Its growing cycle is short—120 to 135 days—making up to three crops possible a year. Also, it is possible to extract 70 liters of alcohol from a ton of sorghum stalks, about the same as from sugarcane.

Sweet sorghum can be processed into alcohol by much the same process as sugarcane and can utilize the plant during the 4-6 months sugarcane is not available. The Government of Brazil plans to follow this procedure and to reduce to 1-2 months the period during which the distilleries are normally closed.

Other potential sources of alcohol being studied are the babassu palm, which can produce alcohol from its wood and/or its fruit—and wood from eucalyptus trees and a type of quince tree. A new privately owned firm—Alcohol and Coke of Brazil, SA (COALBRA)—established by an agency of the Ministry of Agriculture, plans to build a $25-million pilot distillation plant with capacity to produce 100,000 liters of methanol (wood alcohol) a day. By 1990, COALBRA plans to produce 11 billion liters of methanol from 225 distilleries still to be built.

Byproducts of this distilling process would include 1 million tons of coke a year and 3 million tons of animal feed. To reach the 1990 goal, it would be necessary to plant 5.5 million hectares to eucalyptus and other trees having potential as methanol sources.

Babassu palm is native to Brazil, growing throughout the more than 14 million hectares of forest located in drylands on the edge of the Amazon Basin. This palm, 65 percent of it growing in the State of Maranhao, produces a heavy crop of fruit containing up to 72 percent oil. Already being used to produce oil for soap and food, the nut of the babassu palm is being studied as a source of starch for alcohol distillation. The alcohol extraction rate is 80 liters per ton of nuts, compared with 180 liters for manioc and 67 liters for sugarcane. Although alcohol already is being produced in small quantities from babassu palm nuts, there are problems that may slow its adoption as a commercial alcohol source. Maturing slowly, the palm reaches the nut-bearing stage only after 8 years and full production after 10-15 years. This means new palm plantings require great care and the expenditure of large sums of money before the first nut is harvested.

Another program PROOLED, is trying to find substitutes or adtives for diesel fuel. Among products being considered are vegetable oils from the coconut and palm trees, and peanuts, soybeans, cottonseed, sunflowerseed, rapeseed, and avocadoes. To date, laboratory tests have indicated that some vegetable oils are mixable with diesel oil on a 30:70 ratio. The next step may be to find a method to alter the structure of vegetable oils so they can replace current diesel oils entirely.

(Despite doubts over the use of vegetable oils for diesel fuel substitutes, the Government is still determined to expand vegetable oil output.)

Other research has indicated that the Black Marmelerio tree provides a near perfect substitute for diesel fuel. According to Government research sources, after undergoing hydrolysis, this tree's oil can be used to produce alcohol for diesel fuel replacement at the rate of 150 liters per ton of wood. The Black Marmelerio program is now entering the industrial development phase, and a pilot plant is being built near Fortaleza, capital of Ceara State.

In order to reach the goal of 10.7 billion liters of alcohol by 1985, and at the same time maintain its current sugar production level, Brazil will have to plant an additional 3.5 million hectares of sugarcane. The required increase would push area to about 6.1 million hectares by 1985, more than double the 2.6 million planted in 1980.

Most Brazilian Government and private observers believe that Brazil has more than enough land to handle the required increase. They look to the cerrados (savanna) in central Brazil and the Amazon Basin in the north as areas of tremendous potential. However, other more cautious observers of the PROALCOOL program point to the problems it has created in the State of São Paulo and in northeastern Brazil, where land for alcohol sugarcane production is being diverted from the land traditionally used to grow food and fiber crops. Since the soil required for the production of sugarcane must be relatively rich, there is a potential area of conflict in land use between food and fuel crops. Such conflicts already exist in the State of São Paulo, which accounted for 60 percent of the alcohol produced in 1979/80.

During the period 1975-79, the sown area in São Paulo increased 12 percent, from 5.0 million to 5.6 million hectares. In the same period, land used for sugarcane production rose 36 percent, from 885,000 hectares to 1.2 million. According to the São Paulo State Government study of the increase in sugarcane area, 65 percent came from pastureland, 28 percent from food crop area, and 7 percent from export crop area.

But Government sources contend that there are 1.5 million additional hectares available for sugarcane production in São Paulo, more than enough to allow for projected increases in sugarcane area. However, some critics believe the State will have to convert 2.5 million hectares to sugarcane production if the State is to meet its production goal of 7.0 million liters of alcohol by 1985; 1.5 million hectares, they claim, are inadequate.

Other observers believe that future demand for land resources from the sugarcane/alcohol sector will adversely affect the level of production of basic foodstuffs such as corn, rice, and other crops, as well as the volume of such export commodities as peanuts, coffee, soybeans, and orange juice. The planned use of manioc as a major source of alcohol, for example, could reduce its availability for food.

Also, some coffee growers in Paraná State have shifted to sugarcane, not only because of recurring frosts but also because of restrictive Government policies. Orange juice production could be restrained somewhat in São Paulo because of competition from sugarcane. Production of other crops, likewise, is being affected. □

Tip From Dutch Fruit Importers To U.S. Suppliers: Think Big

By John C. Reddington

Exports of U.S. fruits to the Netherlands have climbed in recent years, and Dutch importers advise U.S. exporters to "think big" when making export plans for the Netherlands, particularly for the so-called exotic fruits such as kiwis, mangoes, and red grapefruit.

Dutch tradespeople also believe there are sales opportunities for U.S. apples, pears, and grapes. But they think these opportunities will be more restricted since the European Community (EC) is an important producer of such deciduous and vine fruits.

The Dutch market itself consists of only 14 million people, but U.S. fruit exporters would be wise to adopt the perspective of Dutch importers who think of their market as being 10 times the size of Holland.[1] Within a 500-kilometer radius centered on Rotterdam—one of the Netherlands most important transshipment ports and the largest deepwater port in the world—live 200 million people, all of whom are potential customers for U.S. fruits. These people have a high standard of living, with ample money to buy the basic necessities and enough left over to purchase some extras, including fresh fruit.

However, U.S. fruit exporters face a number of problems in servicing this market. These include transportation costs that are often higher than those of most other shippers, sizable import duties, and packing requirements that are not the norm for the U.S. industry. Then, too, there is the general belief that U.S. suppliers do not always listen to complaints or suggestions made by European importers, particularly about packing methods and fruit size. They also comment that U.S. exporters lack a general grasp of how the European marketing system works.

But importers stress that the high-quality of U.S. fruit and its excellent arrival condition are plus factors that will help U.S. fruit exporters win a larger share of the European market.

In Europe, fresh fruit is imported by individual importers, importer-wholesalers, and chain stores. The importance of imports by importer-wholesalers and chain stores has grown in the past decade. In 1970, more than 50 percent of European fruit imports entered the Community via individual importers and was sold through the fruit auction in Rotterdam. Today, only about 35-40 percent of the fruit goes through the auction since many wholesalers and chain stores discovered the auction was not suitable to their needs.

To prepare for the expected demise of the auction system, one large food store chain has established its own distribution system, which will eventually blanket the Netherlands. The chain's first regional distribution center was opened in 1980, and four more are to follow. All of the chain's fresh fruits and vegetables will be graded and packaged at these centers.

The U.S. Agricultural Counselor's Office in The Hague often serves as a link between U.S. exporters and Dutch importers. Members of the staff are extremely active in helping to identify potential outlets for U.S. fruit. This information is passed on to the Foreign Agricultural Service in Washington, which makes it available to the trade.

Also, the Science and Education Administration's research laboratory in Rotterdam maintains a constant vigil for technical problems that might adversely affect U.S. fruit exports. By using test shipments, the laboratory is able to pinpoint weak links in the supply chain and alert the U.S. industry of these weaknesses.

Particular interest has been paid to the handling of **mangoes**, which have attracted the strong interest of Dutch importers. Some observers believe this interest grew out of the Dutch "tropical past" in Indonesia and Surinam.

Dutch mango imports in 1975 were just 539 tons, mostly from Mali. In 1978, total imports reached 1,569 tons, and in that year the United States made its initial shipment of 23 tons. In 1979, the total fell to 1,534 tons, but U.S. shipments climbed to 104 tons.

The Netherlands imported mangoes from several other countries in 1979, although Mali remained the main supplier. Mali's predominance as a supplier stems from agreements between the Mali Government and several Dutch companies interested in handling larger export volumes of mangoes. However, Mali is faced with the same type of infrastructure problems that developed when similar agreements were in effect between the companies and Senegal.

As a result of these difficulties, there is some question whether Mali can boost its mango exports or even maintain its present position. At any rate, Dutch tradesmen do not view the African countries as reliable and steady suppliers of mangoes, giving the United States a possible advantage.

Nearly all U.S. mangoes shipped to the Netherlands in 1979 came from Florida during May to August, although there are mangoes on the Dutch market all year round. U.S. mango shipments arrive in two different size flats—10-12 pounds and 13-15 pounds. The Keitt and Tommy Atkins varieties both are sold on the Dutch market, but Tommy Atkins has the edge because Dutch consumers prefer mangoes weighing 14-16 ounces—the average weight range of the Tommy Atkins.

The average price for mangoes in 1979 ranged from 68 U.S. cents, charged by the importer, to 91 cents each at retail. When the market is especially short of mangoes, the supermarket price often goes to $2.

Importers believe supermarket prices are generally too high to encourage large sales of mangoes and have asked the chains to lower them. The stores responded, however, that they require a markup of 100 percent for exotic fruits. It is noteworthy that the Dutch consumer is said to be especially price conscious, but he is

[1]The Dutch market is made up of the Netherlands, Belgium, Luxembourg, and sections of West Germany and France.

Mr. Reddington is U.S. Agricultural Attaché, The Hague.

willing to pay $2 each for high-quality, unmarked mangoes.

Poor packaging was a major factor causing mango shipments from Senegal to fall from its 1977 high of 136 tons to only 62 tons in 1979, while the excellence of U.S. packaging helped bring U.S. shipments from zero in 1977 to 1979's 104-ton level.

The volume of **kiwis** coming into the Netherlands has expanded nearly eightfold over the past 5 years. New Zealand has always been the major supplier, with France and the United States in second and third spots, respectively.

Total kiwi shipments have risen from 369 tons in 1975 to 2,836 tons in 1979. New Zealand's shipments rose from 361 tons to 2,422 tons; France's went from 4 tons to 246 tons, while those from the United States climbed from 4 tons to 152 tons. Other countries that ship smaller volumes are Italy, Spain, Mali, South Africa, and Mexico.

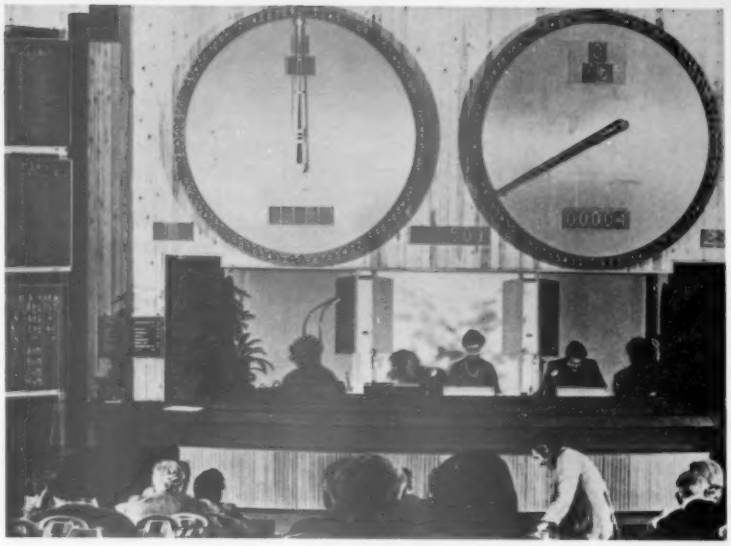
Approximately 25 percent of the kiwis shipped to the Netherlands in 1979 by the United States were consumed in that country. The remainder was reexported to other European countries, the majority going to West Germany.

Most U.S. kiwis imported by the Dutch come from California, where acreage and production have expanded markedly in the past 4 years. The State's total (bearing and nonbearing) area in 1974 was approximately 125 hectares and by 1979 it had increased to nearly 785 hectares.

In 1979, major Dutch importers reported that U.S. kiwis were generally well flavored and of high quality. U.S. kiwis sell well because usually they have an unmarked skin, are of a standard size, and have firm flesh.

Kiwis are supplied to the Netherlands year round. New Zealand supplies the market from May to November, while the United States and France compete for shares of the market from November to May. French competition may stiffen in the future since that country's kiwi area has increased in the last 5 years and production is expected to climb.

Kiwi exports from Italy and Spain also are expected to rise because of larger plantings. Japan has started producing kiwis and is expected to have sizable crops within the next 3 years; and much of this production probably will go to export markets.



From top: The fruit and vegetable auction in Rotterdam, where bids are made against the clock; a Dutch consumer inspects high-quality U.S. oranges being offered for sale in the Hague; Florida mangoes at an outdoor fruit and vegetable market.

Japanese farmers are growing the Haywood variety, the same kind grown in the United States, New Zealand, and France. France also grows the Bruno variety, but it is less desirable to Dutch consumers because it has a not very pleasing appearance. The Dutch trade prefers the Haywood variety because it keeps well and comes in a size and shape attractive to Dutch consumers. Haywood kiwis are about 1.5 times larger than other varieties and are preferred throughout Europe.

Dutch wholesalers and chain stores prefer 33-36 kiwis to the tray, but will accept a different count if necessary. However, when competitor countries are able to meet the 33-36 count, they seem to pick up sales. New Zealand kiwis sold in 1979 for an average of $10.00-$12.50 per tray. French and Italian kiwis brought $15.00-$17.50 at retail, while U.S. kiwis sold for about

$20.00 per tray.

The United States is by far the largest supplier of **grapefruit** to the Netherlands market. About 80 percent of these exports are red grapefruit, virtually all from Florida and Texas.

Netherlands grapefruit imports show erratic swings from year to year, but the trend has generally been upward. During the past 6 years, Dutch imports of grapefruit of all varieties rose from 44,198 tons in 1975 to about 63,000 tons in 1980. U.S. shipments climbed from 9,991 tons to some 31,000 tons in the same period.

Israel was once the leading supplier of grapefruit to the Dutch market. However, once the U.S. red grapefruit variety was introduced and became popular, U.S. grapefruit exports started to grow at the expense of Israeli grapefruit. Another factor that helped push U.S. exports upward was that the United States was, and is, the only country that supplies grapefruit to the Netherlands in substantial quantities each month of the year. Israel also sends grapefruit to the Netherlands year round, but its supplies are extremely small in August and September.

Argentina and Mexico ship small volumes of red grapefruit to the Netherlands. Cuba ships some Marsh grapefruit, but the Dutch trade considers it of inferior quality.

One development that is being watched closely are Israeli experiments with red grapefruit. If it manages to produce these in marketable quantities, Israel's comparative advantages of lower production and transportation costs may enable it to win a larger share of the Netherlands grapefruit market.

In contrast with other fresh fruits brought into the Dutch market, all imported grapefruit is sold through the Rotterdam fruit auction, even to the large supermarket chains. But because the auction method tends to drive prices to abnormally high levels—a situation exacerbated by the large-volume purchases of the food chains—some importers and brokers foresee a time when another selling system will replace auction grapefruit sales.

Spain is the world's largest exporter of fresh **oranges** and supplies the Dutch market with most of its navel and juice oranges. Brazil, Cyprus, and South Africa also supply larger volumes of navel oranges than does the United States. The United States is the largest supplier of other orange varieties, albeit the volume is modest.

Cuba has chosen the Netherlands to test-market its oranges in Europe. Cuban sales in the Dutch market have expanded modestly, but the appearance of the Cuban product is less than perfect. Cuban oranges usually arrive in the market in various hues of green—light to dark. And many are injured or scarred in shipment. However, these oranges might sell moderately well, even with the defects, since they are mostly used for juice.

Total Dutch imports of navel oranges have mounted from 274,595 tons in 1975 to 288,577 tons in 1979, while U.S. shipments fell from 57,709 tons in 1975 to 9,377 tons in 1979. Total imports of other orange varieties went from 28,731 tons to 19,781 tons in the same 5-year period. Imports from the United States were 809 tons in 1975 and 3,933 tons in 1979.

One supermarket chain buys Spanish oranges from December through June. A selling point is that they are prepackaged and prepriced. According to store officials, this frees store personnel from prepacking chores and cuts the time required to put the fruit before the customers.

This same chain of 400 stores buys 50 tons of oranges per week from Australian suppliers at a fixed price during August and September. Chain officials would like to have a similar arrangement with U.S. suppliers, but stress they would not require that the price be fixed for the entire season. They merely are seeking more stable prices than they had in the past.

The Netherlands is a sizable market for **grapes**, most of which come from other EC countries from April to December. Italy, West Germany, and France are the largest suppliers from July through October. The United States, which at the moment holds an extremely small share of the Dutch market, supplies grapes from January through March, and competes with South Africa and Spain.

Total grape imports climbed from 24,989 tons in 1975 to 34,302 tons in 1979. Imports from the United States were 398 tons in 1975 and 239 tons in 1979.

It is likely the California Red Emperior grape is best suited to the Dutch market. The California growing season is from June through April, ensuring a supply most of the year. Furthermore, this grape's long shelf life makes it ideal for export.

The duty on U.S. Emperior grapes is 16 percent from December 1 to January 31. Spain, however, is accorded an 8-percent duty rate on its Emperiors during January. The duty on other grape varieties is 18 percent November 1-July 14 and 22 percent between July 15 and October 22. During the January 1-March 31 period, the tariff rate on other grape varieties from Spain is only 9 percent.

The United States has a particularly tough time competing with EC suppliers in the Dutch **apple** market. France is the most important EC source—supplying a Golden Delicious apple of which Dutch consumers are particularly fond. But there is also competition from apple suppliers in South America, Australia, and New Zealand.

The United States provides a high-quality red-apple—mostly shipped in January and February—but the price of apples from Argentina and Chile is lower. Only in years when there is a short European apple crop does the United States experience a stronger than normal European demand.

Dutch imports of apples from all suppliers have risen from 131,656 tons in 1975 to 169,060 tons in 1979. Imports from the United States climbed from 249 tons to 1,242 tons in that period.

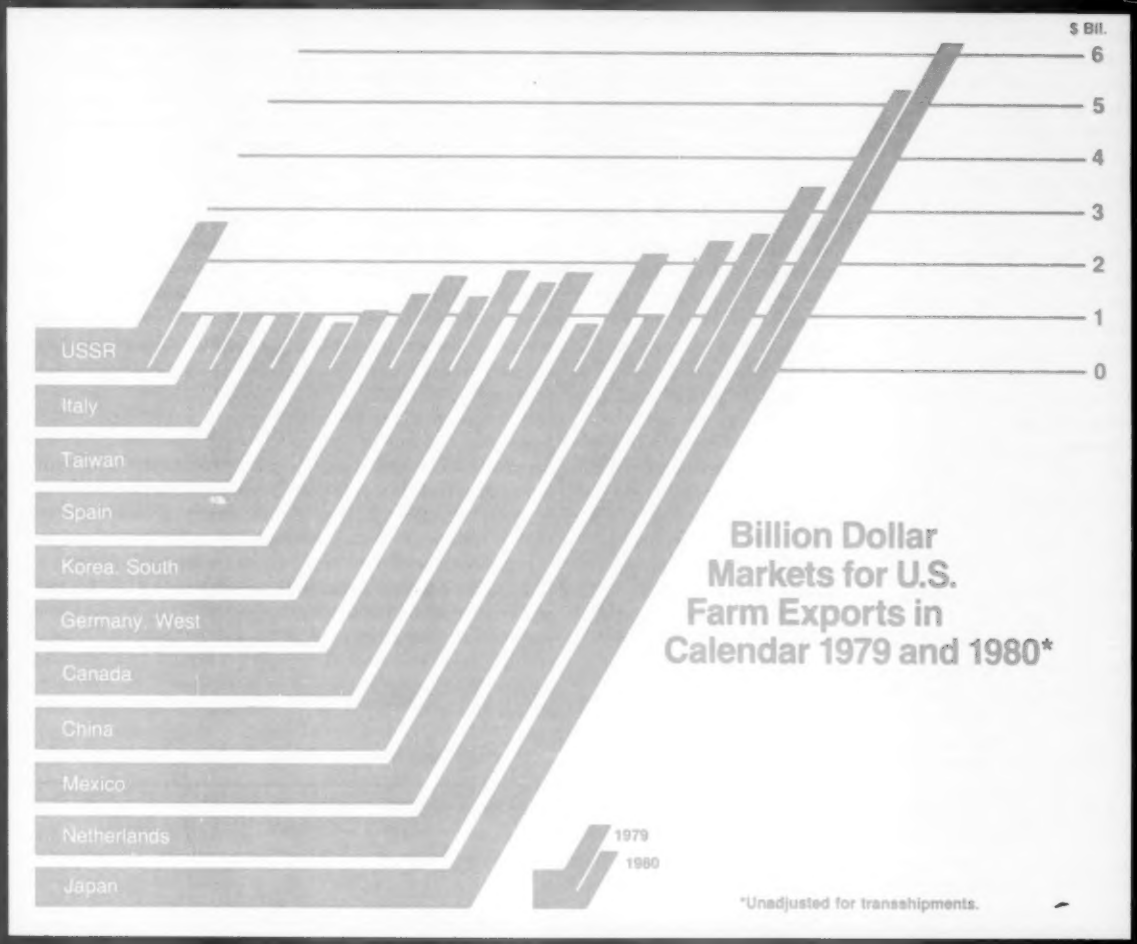
The sales opportunity for U.S. **pears** is somewhat better than for apples. EC pear production is on a smaller scale than for apples.

Total Dutch imports of pears were 19,429 tons in 1975, rising to 25,886 tons in 1979. Most of these (9,396 tons in 1979) came from the European Community. U.S. exports were only 540 tons in 1975, compared with 872 tons in 1979.

The Dutch trade expects to see a slight decline in exports from South Africa and South America, where there has been a production shift from pears to apples. The entrance of three new EC members in the next several years will also make more pears available from within the EC.

(A recent USDA Attaché report—*Opportunities for Fresh Fruit in Holland* (NT-0264, Sept. 30, 1980)—contains additional information of interest to U.S. fruit exporters. A free copy can be obtained by writing to FAS Reports Unit, Room 6066 South Building, Foreign Agricultural Service, USDA, Washington, D.C. 20250. □

BILLION DOLLAR MARKETS



Inflation and rising demand continue to broaden membership in the once-exclusive "billion dollar club"—to the obvious benefit of U.S. farmers.

A decade ago the sole domain of Japan, the billion-dollar markets for U.S. farm products now include 11 nations, representing a cross-section of the world marketplace. Together, the 11 accounted for $24 billion of the $41.3 billion worth of U.S. agricultural exports in calendar 1980, with some of the most dramatic gains going to relative newcomers in the rankings, which are based on U.S. trade data not adjusted for transshipments.

Mexico shot from ninth largest market in 1979 to No. 3 last year as shipments there soared 143 percent to $2.5 billion. Exports to China rose 123 percent to $2.2 billion, giving fourth place to a country that as late as 1977 received virtually no U.S. farm products. Among the 11, only the USSR took less than in 1979—with a 63-percent decline reflecting the suspension of U.S. grain exports to that country.

Japan

Again Ranks at Top As U.S. Farm Exports Reach $6.1 Billion

Japan still is far the largest U.S. farm market. U.S. agricultural exports there rose 16 percent in calendar 1980 to $6.1 billion as Japan's agriculture experienced its worst growing season in 26 years.

A return to more normal growing conditions is anticipated this year. Still, U.S. farm exports to Japan should continue upward in 1981, but competition in this important farm market remains keen in the face of the growing Japanese concern over supply security and its own low level of self-sufficiency.

Ecnomic situation. In real terms, Japan's gross national product is forecast to grow 5.3 percent in Japan's fiscal year 1981 (April 1, 1981 to March 31, 1982), compared with an estimated growth of 4.8 percent the year earlier. Objectives this year: steady business expansion, price stability, stabilized supplies of energy, and a lessening dependence on imported petroleum.

Agricultural production. Japan's poor 1980 rice crop and large rice exports will bring stock levels down this year. However, the Government will expand its riceland diversion program in 1981 in an effort to further reduce the potential for a buildup in surplus stocks. Nonetheless, the expansion this year will not be as great as that anticipated before the poor 1980 rice harvest. The small rice crop and the less-than-expected wheat production will affect wheat imports, which may increase fractionally in 1981.

Japan's livestock feed production, largely from imported feed ingredients, is estimated at 22.9 million tons in 1979/80 (July-June) versus 22 million the year earlier. Production growth in 1980/81 is expected to be slower because of higher costs for end-users.

Japanese beef production grew 4 percent in 1980, but demand was slack at year's end and overall imports declined. While total U.S. beef shipments declined, imports of high-quality U.S. beef rose and were expected to meet or even exceed the level specified in the Multilateral Trade Negotiations (MTN). Japan's beef quotas are likely to remain around 130,000 tons this year.

Although a pork surplus existed in early 1980, adjustments by producers and growth in demand pushed prices up, and prospects for pork imports in 1981 look good.

Farm trade. U.S. farm exports to Japan last year increased $855 million from the previous year. Japan alone accounted for about 15 percent of total U.S. agricultural exports of $41.3 billion in 1980 as the United States captured more than one-third of that market.

Feedgrains and oilseeds comprised roughly two-thirds of U.S. agricultural sales to Japan in 1980. On an individual commodity basis, corn and soybeans each achieved billion-dollar status—duplicating the feat first attained in calendar 1979. The total for U.S. corn was $1.6 billion (up 36 percent) and for soybeans $1.1 billion (up 7 percent). Other U.S. commodities made impressive gains—especially sorghum as exports of $496 million doubled 1979's level.

Japanese imports of coarse grains are forecast at 18.9 million tons in 1981, with the United States supplying about 75 percent of these. Imports of soybeans and rapeseed were 4.4 million tons and about 1 million tons, respectively, in 1980. Some 96 percent of Japan's soybean imports last year were of U.S. origin. Soybean imports are expected to decrease about 7 percent to 4.1 million in 1981.

Japanese cotton imports during the current season are pegged at 680,000 tons, with about one-third coming from the United States. This reflects the recent depressed level of Japan's spinning industry and strong products imports.

Stocks of domestic tobacco remain in excess, but those of imported leaf have declined. Imports in 1980 are estimated at 68,500 tons, with the U.S. share at about 54 percent. Outlook 1981: about the same.

Agricultural policies. Tariff concessions under the MTN began to be implemented in 1980 and will be phased in over 8 years. Japan has been meeting its MTN commitments to increase imports of beef and citrus which are still subject to import quotas. Despite the progress in the MTN, however, Japan's agricultural approach remains restrictive, with import quotas being maintained on a total of about 20 agricultural commodities.—*Based on a report from Dudley G. Williams, U.S. Agricultural Counselor, Tokyo.* □

Top Ten and Total U.S. Agricultural Exports to Japan, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		*—1,000 metric tons—*	
Corn	1,196	1,625	1,002	1,182
Soybeans	1,032	1,105	3,707	4,033
Wheat & wheat flour	537	596	3,351	3,331
Cotton[2]	455	531	330	330
Grain sorghums	249	496	2,257	3,780
Hides & skins	320	264	—	—
Tobacco	229	197	44	37
Beef & veal	150	142	35	34
Fresh citrus	160	137	300	302
Sugar & tropical products	144	128	481	561
Grand total	5,255	6,111	2,174	2,581

—Denotes not converted.
[1]Unconvertible units excluded. [2]Including linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

The Netherlands

Increases Imports of U.S. Farm Products To $3.4 Billion

In 1980, the Netherlands continued to experience a downturn in its economy, a strong rise in the inflation rate, higher unemployment, and zero growth in per capita income.

One of the few bright spots in the economy was the size of the Dutch agricultural trade surplus— about $4.6 billion. This performance was especially impressive in view of the Netherlands total balance of trade—a deficit of between $3.3 billion and $3.4 billion.

The United States is regularly one of the Netherlands important trading partners, and in 1980 exported $3.4 billion worth of agricultural products to the Netherlands, a strong 30 percent more than in 1979.

An estimated $1.1 billion of the 1980 total was not for consumption in the Netherlands.

Economic situation. The entire Dutch economic picture is somewhat gloomy. No per capita income growth is expected soon, and the unemployment rate is forecast to continue upward. Consumer demand is expected to stagnate in the months ahead.

The Dutch Government's budget for 1981 is relatively austere, and its drafters have calculated that the budget measures will lead to a drop in purchasing power of 1 to 2 percent for all Dutch income classes. The Government hopes that by keeping its borrowing requirements at manageable levels, it will be able to free funds for the private sector.

Agricultural production. Adverse weather conditions generally accounted for 1980's overall poor crop outturn. Spring was excessively dry and was followed by periods of extremely heavy rainfall. A number of fruit growers and dairy farmers were seriously hurt by the adverse conditions.

The poor weather generally resulted in lower foodgrain and feedgrain yields, with a dropoff occurring in production of most grains except winter barley and winter wheat. Wheat production climbed to 882,000 tons, 5 percent higher than in 1979. Milk production rose 2.5 percent to 11.8 million tons in 1980.

Sugarbeet production increased to 6.2 million tons in 1980 from the 1979 level of 5.5 million.

Farm trade. The Netherlands is the world's most important re-exporter of agricultural products, shipping them from Rotterdam to such major markets as France and Austria.

However, Dutch exports (and re-exports) are meeting with tougher competition in EC markets from other EC producers, who are penetrating the Dutch market more deeply than in the past. As a result, Dutch agricultural exporters are being compelled to depend on export markets outside the EC for a larger part of their sales. This makes such exports subject to EC export subsidy policy changes.

The U.S. share of Dutch oilseed imports totaled 83 percent in 1980, unchanged from the 1979 level. Soybeans and products are the major agricultural imports, with the market for U.S. sunflowerseed becoming important.

Dutch imports of wheat and feedgrains in the August 1-November 1980 period amounted to close to 1.7 million metric tons, 200,000 tons higher than in the same 1979 period. The U.S. share of these imports advanced from 50.3 percent in 1979 to 51.2 percent in 1980, and consisted mainly of corn and, to a much lesser extent, wheat.

Dutch imports of U.S. long-grain brown rice more than doubled in the first 11 months of calendar 1980, compared with the same 1979 months.

The Netherlands continues to be an important export outlet for U.S. variety meats, horsemeat, and high-quality beef. Imports of U.S. variety meats in 1980 rose by 11.3 percent, and the U.S. share of the Dutch market, by 56.5 percent. U.S. horsemeat imports were down 18.5 percent to 18,218 tons, largely because of high prices.

Agricultural policies. Both EC and domestic farm policies impact on Dutch agriculture. Current EC financing policies call for studies of Member State contributions to the EC budget, storage costs of milk, sugar, grain, beef, olive oil, and wine surpluses, and the costs that will result from Greece's recent accession to the EC and the upcoming admission of Spain and Portugal. The level of financing for the Dutch Ministry of Agriculture and Fisheries is an important domestic issue.—*Based on a report from Clancy V. Jean, U.S. Agricultural Counselor, The Hague.* □

Top Ten and Total U.S. Agricultural Exports to the Netherlands, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		*—1,000 metric tons—*	
Soybeans	1,157	1,458	4,235	5,392
Feed & fodders	418	592	2,829	3,716
Soybean cake & meal	177	382	825	1,669
Corn	261	252	2,187	1,949
Other oilseeds	153	166	463	568
Wheat & wheat flour	110	102	674	547
Tobacco	60	94	13	20
Vegetable oil[2]	28	44	33	58
Citrus fruit	20	27	54	78
Livestock products[3]	27	26	21	17
Grand total	2,619	3,415	11,766	14,603

[1]Unconvertible units excluded. [2]Excluding soybean and cottonseed oils, but including waxes. [3]Excluding beef and veal, pork, variety meats, lard, hides and skins, and furskins.
Source: U.S. Bureau of Census (unadjusted for transshipments).

Mexico

Agricultural Exports By U.S. Rise 143 Percent To $2.5 Billion in 1980

For over a year, Mexico has had underway a program to revamp 13 sectors of the economy including industry, the food distribution system, the labor pool, the petroleum industry, and agriculture.

Two of the programs call for the development of improved farm production methods so as to boost output and provide a more efficient marketing system. However, in 1980 Mexico's agriculture continued to have problems because of drought during the past 2 years and as a result Mexico increased its agricultural purchases from the United States by 143 percent between 1979 and 1980 to nearly $2.5 billion.

Economic situation. Mexico's economy heated up somewhat in 1980, fired by the inability of Government and private sectors to successfully absorb the huge sums of money generated by Mexico's petroleum exports. However, the administration is determined to use these funds to pay for development programs. To achieve this, the Government is willing to allow some increase in the country's rate of inflation.

Agricultural production. In 1980, Mexico's production of all grains but rice was higher than the low levels of the previous year. Corn outturn, estimated at 10.2 million metric tons, was up about 1 million tons from the previous year's level, and wheat was up about 400,000 tons to 2.6 million tons.

Soybeans, which in recent years have become Mexico's most important oilseed, reached 280,000 tons in 1980, 400,000 tons less than in 1979. But Mexico's production is short of utilization requirements, and the situation—exacerbated by the 1980 drought—emphasized the need for foreign soybeans.

Mexico's relatively low, Government-controlled ceiling price for liquid milk has dampened production in recent years, and Mexico's milk output in 1980 was 6.7 million tons.

Farm trade. The value of 19 of 41 selected categories of U.S. agricultural exports to Mexico more than doubled between 1979 and 1980, with gains ranging from 105 percent for dried fruits to 833 percent for sugar and tropical products. In terms of value, the export category gaining the most was corn, which rose from about $114 million to nearly $678 million.

U.S. exports in only five agricultural categories declined, including tobacco, which fell from 31 tons to zero.

Mexican statistics show that Mexico imported a record 7.8 million tons of grain in 1980, compared with only 3.6 million tons in 1979. (U.S. export data show this country shipped some 8.2 million tons of grain to Mexico in 1980, but different product definitions may account for the discrepancy.)

Agricultural policies. Major Mexican agricultural policies include a revamping of the agricultural production and marketing systems and a new approach to agrarian reform that will try to improve cooperation between various forms of communal farm operations and owners of small farm plots.—*Based on a report by John E. Montel, U.S. Agricultural Counselor, Mexico City.* □

Top Ten and Total U.S. Agricultural Exports to Mexico, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		—1,000 metric tons—	
Corn	114	678	865	4,851
Grain sorghum	154	319	1,343	2,403
Soybeans	118	259	408	931
Pulses	8	221	19	307
Sugar & tropical products	17	160	9	212
Other oilseeds	2	126	3	461
Wheat & wheat flour	197	123	1,180	675
Hides & skins	102	70	—	—
Dairy products[2]	19	54	19	54
Soybean cake & meal	43	48	147	178
Grand total	1,023	2,490	4,400	11,028

—Not converted to metric tons.
[1]Unconvertible units excluded. [2]Excluding nonfat dry milk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

China

Catapuls to No. 4 Spot As U.S. Farm Market With $2.2 Billion

For U.S. agricultural products, the trade door to China opened wider in calendar 1980. In joining the "billion-dollar club" for the first time, China's ranking as a U.S. farm market catapulted from 11th place in 1979 to the fourth largest last year. U.S. agricultural exports to the People's Republic of China (PRC) more than doubled in 1980, reaching $2.2 billion, and another good performance is seen for 1981.

Agricultural production. Adverse weather conditions, ranging from a severe drought in north China to flooding in central China, plagued China's crops in 1980 and played a significant role in farm production.

Despite poor weather conditions, Chinese grain production—including soybeans—still reached an estimated 315 million metric tons, second only to 1979's outcome of 332 million tons, according to China's statistics. However, grain figures, either given or implied, are far from consistent, but the general situation is clear. Briefly:

- Summer grains, mainly wheat, were hardest hit by bad weather. Estimates place China's total wheat crop at 56.5 million tons, down nearly 10 percent from 1979's;
- Total rice output is estimated at 141 million tons (about 3 million tons below that of 1979), reflecting losses due to flooding in central China.
- Outturn of coarse

grains is estimated at 78.5 million tons, compared with 83 million a year earlier. In 1980, corn reportedly accounted for more than two-thirds of total coarse grain production.

• Soybean output is estimated at 7.5 million tons in 1980—unchanged from that of 1979.

Oilseed production, which by China's definition excludes soybeans and cottonseed, was estimated at 7 million tons, up 11.4 percent from that of 1979. Gains were recorded in the peanut, sesame, flax, and sunflower crops.

China's cotton production reportedly increased 19 percent from 1979's level, to a record 12.1 million bales (480 lb net)—exceeding the previous peak of 11.7 million bales in 1973. Increased production in the north offset the reduced output in the south.

Significant improvements were made in the livestock and poultry sectors last year. Sales of pork, mutton, beef, poultry, and eggs were reported to have increased by more than 40 percent in the year's first half versus the comparable 1979 period. Contributing to the advance were: Upgrading of animal breeds, better management practices, revision of accounting procedures, and infrastructure improvements, especially in the country's cold storage facilities for meat.

Animal numbers, particularly for hogs, sheep, and goats, were up in 1980. For the first time since the Cultural Revolution, China disclosed its poultry numbers—a reported 800 million birds. The Chinese have recently recognized that poultry production has the potential to become an important foreign exchange earner.

Top Ten and Total U.S. Agricultural Exports to China, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		—1,000 metric tons—	
Wheat	214	1,039	1,560	6,105
Cotton[2]	357	701	250	463
Corn	269	225	2,390	1,667
Soybeans	107	155	412	606
Soybean oil	36	56	59	100
Inedible tallow	6	16	11	31
Cattle hides	.8	13	—	—
Other vegetable oils, waxes, & products	0	1.4	0	2
Furskins	.04	.7	—	—
Other oilseeds	0	.5	0	.7
Grand total	990	2,210	4,683	8,976

—Denotes not converted.
[1]Unconvertible units excluded. [2]Includes linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

Farm trade. Leading the spectacular surge in U.S. agricultural exports to China during 1980 were shipments of wheat, which increased almost fivefold in value and nearly fourfold in volume. Last year, China became a billion-dollar market for U.S. wheat—ranking as the largest U.S. wheat market in the world. Despite China's record cotton crop, U.S. cotton exports of $701 million there nearly doubled last year as the Chinese rely heavily on manufactured cotton goods for export earnings.

Agricultural policies. China's leadership in 1980 confirmed its changing emphasis to economic pragmatism in farm policies and programs. Liberalized agricultural policies—including the encouragement of private plots, household sideline occupations, rural trade fairs, and material incentives—were evident last year. Some policies, such as higher procurement prices for farm products, were well received in China, and credited for increased production and procurement.

Diversification of the farm economy was revitalized as a policy tool. From the historical perspective, however, most of the policies emphasized in 1980 are not new. Most are revivals of policies discredited during the Cultural Revolution. —*Based on a report from William C. Tinklepaugh, U.S. Agricultural Officer, Hong Kong.* □

Canada

Remains Steady U.S. Farm Market At $1.85 Billion

Canada remained a steady U.S. farm customer in 1980, although its "world ranking" fell a notch to fifth place. U.S. farm exports to Canada advanced 12 percent last year to $1.85 billion, and 1981 should be another good year.

Canadian farm exports rose 37 percent in 1980 to Can$8.2 billion against farm imports of Can$4.7 billon, which remained at about the year-earlier level. But, Canada's agricultural trade with the United States was in the red again. Given favorable weather, the outlook for Canadian farm production and exports is good this year.

Economic situation. Prospects for the Canadian economy in 1981 are not bright. Inflation, high interest rates, weak export growth, and the ongoing federal-provincial controversy over the appropriate energy policy are factors that will constrain the country's economic performance over the course of the year. In addition, private investment—the most dynamic sector of the economy in 1979—turned sour in 1980 and is expected to deteriorate further this year.

Real growth in the gross national product (GNP) is expected to register a scant 1 percent increase this year—well below the medium-term growth potential of 3-4 percent.

Agricultural production. *Statistics Canada* estimates 1980 wheat production at 19.1 million

metric tons, up 11 percent, while coarse grain output rose 16 percent to 21.6 million tons. For 1981, both are projected to increase, due to larger seeded areas in response to low stock levels and strong export demand. Grain movement problems are expected to ease somewhat as a result of the expansion in the hopper car fleet.

Canadian beef and veal production rose about 3 percent to 975,000 tons in 1980 as slaughterings increased at the expense of herd rebuilding.

Reduced imports, high exports, and strong consumer demand combined to strengthen hog prices during the last half of 1980. Producers responded with a record output of 890,000 tons last year.

Low oilseed prices led to a sharp dropoff in Canada's rapeseed and flaxseed production in 1980. Oilseed area this year may decline further from the relatively low 1980 levels. With the tight feedgrain situation and large livestock feeding, domestic demand for high-protein meal, including U.S. soybean meal, should be strong in 1981.

Tobacco production reached 113,340 tons in 1980, up sharply from that of 1979 when blue-mold losses were considerable. Canada's most valuable fruit crop is apples, and a record 500,303 tons were produced last year.

Farm trade. Canada's agricultural performance last year was certainly not the disaster that was forecast earlier in the year because of the western drought. Net farm income was down about 3 percent, but exports held up, contributing to an overall positive trade balance.

Canadian grain exports in 1980/81 are forecast at about last year's level of 20.6 million tons, with low carryout stocks continuing into 1981/82. This season's wheat and wheat flour exports are expected to be around the 1979/80 level of 15.9 million tons. As a result of the record pork outturn, exports were very brisk last year, reaching 120,000 tons—some 65 percent to the United States.

Imports of live cattle from the United States returned to more normal patterns following Canada's lifting of D.E.S. (growth harmone) certification in October 1980.

Although tobacco exports rose last year, the chance of an increase in 1981 is slim because of adequate world supplies.

U.S. exports of horticultural products to Canada totaled $749 million in 1980, compared with $644 million in 1979.

Agricultural policies. During 1980, Canada's Agriculture Minister Whelan continued to expound the virtues of supply/management systems, and their inherent stability and benefits for producers and consumers alike. In addition to coverage of turkeys, eggs, and broilers, this year may see further pressures to extend supply management to eastern Canadian potatoes and possibly to pork, but resistance by beef producers precludes this commodity's being covered in the near future. A major thrust in 1981 will be the continued effort to establish an agricultural export corporation.--*Based on a report from Alexander Bernitz, U.S. Agricultural Counselor, Ottawa.* □

Top Ten and Total U.S. Agricultural Exports to Canada, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		*—1,000 metric tons—*	
Vegetables & preparations	235	251	711	639
Sugar & tropical products	128	178	137	135
Other fresh fruit	127	143	289	286
Soybeans	79	105	299	401
Fruit juices	87	100	—	—
Cotton[2]	83	95	64	63
Fresh citrus	79	91	211	251
Soybean cake & meal	98	81	398	339
Corn	47	75	433	624
Furskins	89	70	—	—
Grand total	1,650	1,852	3,423	3,593

—Denotes not converted.
[1]Unconvertible units excluded. [2]Includes linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

Germany

German Economic Woes Fail to Brake U.S. Sales—Up 30 Percent

Economic stagnation, bountiful crops, declining farm income, and booming agricultural imports characterized the West German farm market in calendar 1980. For U.S. agricultural exports, this translated into a 30 percent increase over the 1979 level to $1.83 billion following slight declines in the previous 2 years.

Economic situation. Last year, a so-called economic pause slowed real growth in Germany's gross national product (GNP) to 1.8 percent from 4.5 percent real growth in 1979. A decline of about 1.5 percent in GNP is seen for 1981, with economic recovery expected to be delayed until late 1981.

Agricultural production. Last year saw another bountiful grain harvest of 23 million metric tons—up slightly from 1979's and second only to the record 23.9 million tons produced in 1978. Milk production continued its unabated growth, rising 3.9 percent above the previous year's to 24.8 million tons and aggravating concerns over dairy product surpluses in Germany and the European Community as a whole. Meat production last year rose by 2.6 percent (slaughter weight, net-production basis), against 3.8 percent in 1979. This year, slower growth is seen for both milk and meat output, with poultry output likely to decline for the first time since 1974.

Gross farm income in 1979/80 was up 4.2 percent from the previous year's,

Spain

U.S. Exports Rise 21 Percent, Despite Good Spanish Crops

A bumper harvest in Spain last year failed to slow growth in U.S. farm exports to that country as U.S. shipments soared 21 percent above the calendar 1979 level to $1.13 billion, making Spain the 8th largest U.S. farm market.

Further expansion appears likely in 1981, as drought reduces Spanish grain output far below the record 1980 level.

Economic situation. Stagflation continued to plague the Spanish economy, with real economic growth at only about 0.5 percent in 1980 and forecast to hold near that level in 1981. Sharp rises in petroleum prices, slack domestic demand, and low levels of confidence among Spanish businesspeople and investors are among the factors contributing to the country's economic slowdown.

Agricultural production. Farm output rose about 8 percent last year, in response to unusually favorable weather. The grain harvest was a record 18.2 million metric tons—more than 5 million tons above the mediocre 1979 crop and 2 million above the large 1978 crop. More moderate increases occurred in sugarbeets, olive oil, potatoes, tobacco, cotton, citrus, red meat, and milk. Net farm income declined, however, as a result of sharply higher farm input prices, particularly for diesel fuel and fertilizer.

This season is a different story, with unusually dry weather since mid-1980 reducing prospects for grain—forecast to decline some 5 million tons—and other crops.

Farm trade. Spain's merchandise trade balance sank $13.2 billion into the red last year, compared with $6.8 billion in 1979; however, the agricultural trade deficit decreased slightly as exports rose by

but high energy and fertilizer costs turned this into a minus 2 percent net farm product. For the 1980/81 crop year, the outlook is even less promising, with a 10-percent decline forecast for the net product of German farm output and a 12-percent drop for farmers' average per-capita income.

Farm trade. One of the world's largest agricultural markets, Germany imported $25.8 billion worth of farm products in calendar 1980 for a 9.4 percent gain over 1979's. Agricultural exports rose 17.4 percent to $10.7 billion and included mainly livestock and dairy products and soft wheat. German import figures that reflect transshipments through the Netherlands and other European markets—but not through Germany to other markets—show the country taking $2.7 billion worth of U.S. farm products in 1980.

The U.S. trade data show feedgrains, oilseeds, oilseed products, and other feed ingredients accounting for close to 60 percent of U.S. exports to a market that obtains 70 percent of its agricultural revenue from livestock products.

One of last year's big success stories was the rebound in U.S. exports of unmanufactured tobacco—up 49 percent in volume and 69 percent in value from 1979. Advantageous exchange rates vis-a-vis the dollar during most of 1980 apparently encouraged German tobacco manufacturers to sustain their use of U.S. tobacco.

Agricultural policies. Among the major policy issues this year are declining farm incomes, continuing dairy surpluses (despite successes in exporting much of the recent surplus via costly export subsidies); and differing views on EC prices.—*Based on a report from Dale B. Douglas, U.S. Agricultural Counselor, Bonn.* □

Top Ten and Total U.S. Agricultural Exports to West Germany, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		—1,000 metric tons—	
Soybeans	346	399	1,263	1,451
Soybean cake & meal	124	225	590	984
Tobacco	128	215	31	46
Corn	167	199	1,417	1,554
Nuts & preparations	120	197	37	58
Feeds & fodders	86	115	554	718
Furskins	72	95	—	—
Cotton[2]	44	76	39	54
Other oilseeds	102	50	337	183
Vegetables & preparations	16	30	18	22
Grand total	1,403	1,827	4,650	5,372

—Denotes not converted.
[1]Unconvertible units excluded. [2]Including linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

Top Ten and Total U.S. Agricultural Exports to Spain, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		—1,000 metric tons—	
Soybeans	468	456	1,774	1,721
Corn	220	332	1,886	2,643
Grain sorghum	18	71	155	593
Tobacco	2	61	0.5	13
Cotton[2]	24	46	16	28
Wheat & wheat flour	24	35	123	185
Nuts & preparations	13	25	8	15
Tallow & greases	20	17	41	38
Barley & oats	0	14	0	121
Other vegetable oils, waxes & products	5	11	4	17
Grand total	930	1,129	4,269	5,428

[1]Unconvertible units excluded. [2]Including linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

South Korea

25-Percent Gain to $1.8 Billion Puts It In Seventh Place

$790 million to $4.2 billion and imports, by $570 million to $4.4 billion. Leading farm imports included soybeans, at $900 million; corn, $700 million; coffee $580 million; tobacco $210 million, cotton, $140 million; and hides and skins, $120 million.

Transshipments brought imports from the United States to a record $1.5 billion, according to Spanish data, with soybeans and feedgrains accounting for almost 80 percent of the trade. Total farm imports in 1981 are forecast to rise about 15-20 percent above the $4.4 billion of 1980. Higher prices will be the principal factor.

Agricultural policy. Major goals of the Spanish Government include increased self-sufficiency; sufficient supplies of products at reasonable prices for consumers; avoidance of costly surpluses, reduced imports generally to improve the balance of payments situation; and stepped-up farm exports. Negotiations with the European Community over membership in the EC—slated for the mid-1980's—continued throughout 1980, with some concerns expressed over the impact of accession on Spanish milk, beef, sugarbeats, and other products. From the EC point of view, the main areas of concern are olive oil, fruits, vegetables, and wine.—*Based on a report from Leon G. Mears, U.S. Agricultural Counselor, Madrid.* □

Exports of U.S. agricultural products to Korea last year continued their strong growth of the recent past, rising 25 percent above the calendar 1979 level to $1.8 billion. However, lagging Korean farm output was the major contributing factor this time, whereas past gains reflected strong demand arising from a buoyant Korean economy.

Economic situation. The Korean economy last year was blighted by a 5.7-percent decline in the gross national product—the first negative showing since 1956. Much of the blame for the setback was placed on rising petroleum prices, political and social unrest, poor grain crops, and sluggish results from the manufacturing sector. Government plans call for a 5.4 percent positive growth in 1981.

Agricultural production. The agricultural, fishery, and forestry production index fell 22 percent in 1980 as Korea experienced some of its worst crop performances in recent history. Among the setbacks was a disastrous rice crop of only about 3.6 million metric tons, 35 percent below 1979's and 40 percent under the 1980 target. Declines also were registered in production of barley, vegetables, leaf tobacco, and livestock products. Plans for 1981 call for a sharp recovery in these areas, provided, of course, that weather is favorable.

The expansion of Korea's cotton mills also slowed in 1980, with only a 3 percent increase in the installation of spindles and 5 percent in looms.

Farm trade. Despite further deterioration in Korea's trade balance—to a minus $4.5 billion—commodity exports last year jumped by 11.9 percent and imports dropped 3.4 percent. Rice imports recorded one of the most dramatic gains—up 66 percent to 2.3 million tons (milled basis). This import gain contributed also to a 560 percent increase in U.S. rice exports to Korea. Imports of wheat in calendar 1980 rose 11 percent, to an estimated 1.8 million tons, while those of feedgrains fell 21 percent to 2.3 million. Soybean purchases fell slightly from the previous year's and 38 percent from the initial estimate for 1980 as a result of reduced demand for animal feeds.

Purchases of raw cotton climbed 10 percent from 1979's, but U.S. share of the market slipped to 90 percent from 95 percent in 1979. A further decline in the U.S. market share is seen for 1981 in response to continued high prices and reduced U.S. credit financing.

If economic growth picks up as planned, Korea's imports of farm products this year could rise well above the 1980 levels, partly to make up for short 1980 crops and partly to meet growing demand. The United States is expected to continue to dominate the market.

Agricultural policies. Major policy goals for 1981 include: Increased food production (especially of rice), a nationwide campaign for food saving; increased farmers' incomes; further mechanization; and improvement of marketing and distribution.—*Based on a report from Gerald W. Shelden, U.S. Agricultural Counselor, Seoul.* □

Top Ten and Total U.S. Agricultural Exports to South Korea, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		*—1,000 metric tons—*	
Cotton[2]	398	467	288	305
Wheat & wheat flour	258	323	1,678	1,946
Corn	319	316	2,742	2,313
Rice	44	292	164	845
Soybeans	117	155	422	564
Hides & skins	126	93	—	—
Tallow & greases	55	53	103	116
Tobacco	33	45	6	6
Other poultry products	10	19	.4	.6
Sugar & tropical products	6	7	2	9
Grand total	1,440	1,797	5,545	6,120

—Denotes not converted.
[1]Unconvertible units excluded. [2]Including linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

Italy

In 10th Place With 9 Percent Gain To $1.09 Billion

Despite an economic slowdown and generally good crop results, Italy expanded its takings of U.S. farm products last year. U.S. exports rose 9 percent above the 1979 level to $1.09 billion, to rank as the 10th largest export market for U.S. farm products.

Economic situation. Following rapid expansion in the first half of 1980, Italy's economy underwent a marked slowdown that probably held full-year growth in gross domestic product (GDP) to 3.5-4 percent. Zero or negative growth is seen for 1981, in concert with some lowering of inflation from 1980's level of 21 percent—the highest since 1947.

Agricultural production. For the third year straight, added value for agricultural production rose in 1980, but at a slower rate than the GDP. The economic downturn is believed to have held growth in value of farm output (in real terms) to 2-2.5 percent last year, with production of livestock rising at a slightly faster rate than that of crops.

Unusually cool, late spring weather followed by autumn drought had a mixed impact on production. Field and tree crop maturity was generally delayed. Grain production was normal—at 18.1 million metric tons, compared with 17.7 million in 1979—but ash content was rather high. Weather patterns favored a good olive outturn, and an excellent sugarbeet harvest—combined with high sucrose content—ensured a record sugar production.

On the negative side, mold and virosis reduced tobacco yields, and fruit and vegetable crops were affected by a late spring that delayed maturity and reduced quality.

Farm trade. Italy's chronic food and agricultural trade deficit widened further in 1980 to an estimated $9.9 billion, with livestock and meat accounting for 46 percent. Next to petroleum trade, this is the second highest deficit area, contributing to a total balance-of-payments deficit last year of $7.3 billion, against a surplus of $2.2 billion in 1979.

Italian agricultural imports from the United States (including transshipments) are estimated at $1.3 billion for 1980, against $1 billion the previous year and $350 billion in Italian farm exports to the United States.

The United States claims about 10 percent of Italy's total agricultural imports, with food- and feedgrains, oilseeds, and oilseed cake and meal accounting for 75 percent of the U.S. total. U.S. export data show these items as the big gainers last year, compensating for smaller shipments of cotton, tobacco, tallow and greases, and other important exports.

Agricultural policies. Probably the key policy issue is declining real farm income, although the recent 6-percent devaluation of the Italian lira could provide some relief. The prospective EC enlargement to include Spain also has provoked worries over increased competition from Spanish fruits and vegetables.—*Based on a report from Edmund L. Nichols, U.S. Agricultural Counselor, Rome.* □

Top Ten and Total U.S. Agricultural Exports to Italy, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars		*—1,000 metric tons—*	
Corn	175	250	1,547	1,967
Soybeans	241	227	887	838
Soybean cake & meal	154	186	678	826
Wheat & wheat flour	61	89	374	484
Tobacco	69	65	16	14
Cotton[2]	59	49	37	32
Barley & oats	1	29	10	204
Hides & skins	81	25	—	—
Seeds	17	24	11	17
Furskins	31	23	—	—
Grand total	1,004	1,094	3,803	4,648

—Denotes not converted.
[1]Unconvertible units excluded. [2]Includes linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

Soviet Union

Trade Cut Causes 63 Percent Drop in U.S. Farm Exports

The Soviet Union continues to face serious problems providing its citizens with some foodstuffs following two successive poor harvests, which resulted in production well below planned levels.

These shortfalls forced the Soviet Union to buy heavily in world markets, but the partial suspension of U.S. agricultural exports to the Soviet Union, imposed in January 1980 (and lifted April 24, 1981), held total USSR imports to a reduced level.

U.S. agricultural exports to the USSR in 1980 were sharply less than the 1979 level, standing at $1.04 billion, about 63 percent of the $2.8 billion of 1979.

Economic situation. In general, the Soviet economy lags behind planned levels. National income was about 1 percent behind, and industrial production was down about the same percentage. Labor productivity is low and management is undermotivated.

Draft guidelines for the 11th 5-Year Plan indicate that among the major objectives of the Soviet Communist Party are to raise the living standards of the populace and to continue to stabilize retail consumer prices.

Agricultural production. Soviet statistics indicate that USSR agriculture had another difficult year in 1980. Two poor grain harvests in succeeding years have dealt a sharp blow to the Party's current plans to improve food

supplies, particularly meat. Only cotton and egg producers managed to reach planned output targets in 1980.

Farm trade. U.S. grain exports to the Soviet Union fell to 6.0 million tons in 1980, compared with 17.6 million tons in 1979. This was the smallest volume of U.S. grain sold to the Soviet Union in any 1 year since 1974, when only 3.2 million tons were shipped.

The largest percentage drop in U.S. sales to the Soviet Union was for soybeans, which fell from 1.8 million tons in 1979 to only 173,000 tons in 1980. The value of soybean shipments dropped from $489 million to only about $45 million.

The size of future Soviet imports—both industrial and agricultural—depends largely on the available supply of hard currency, generated by major Soviet exports—fuels, mineral raw materials, chemicals, and cotton.

Future exports by the United States will largely depend on the status of the 5-year U.S./USSR Grain Agreement, which expires October 1, 1981.

The order lifting the embargo on U.S. farm product exports to the USSR noted that the United States expected to undertake negotiations on a new wheat and corn agreement, to take effect on October 1.

Agricultural policies. New Soviet farm policies include a program for the 1980's which could bring about a number of significant changes. Although details are limited, the new program is to create an intergrated agro-industrial complex to better coordinate various sectors of the economy related to agricultural production, processing, and marketing.—*Based on a report from Harlan J. Dirks, U.S. Agricultural Counselor, Moscow.* □

Taiwan

Slight Gain from 1979 Boosts U.S. Sales to Almost $1.1 Billion

Exports of U.S. agricultural products to Taiwan last year rose 2 percent above the calendar 1979 level to $1.095 billion, making this the 9th largest market for U.S. farm products. While some of the top exports—including corn, soybeans, wheat and wheat flour, and tobacco—declined from the previous year, major gains were recorded in some other exports. These increases included: A more than 12-fold increase in value of grain sorghum shipments; 233 percent in other livestock products; 94 percent in tallow and greases, 70 percent in barley and oats, and 50 percent in cotton.

Complete data are not available on Taiwan's economic performance and agricultural production last year. On the trade side, relevant changes in prospects for 1981 include:

- Prospective rice exports in 1981 of 225,000 tons (milled basis), compared with 261,000 in 1980;
- Conclusion of 5-year agreements for the import of 17.15 million tons of corn, soybeans, wheat, and barley during 1981/82-1985/86. The new agreements (one for each commodity) are the third such pacts between Taiwan buyers and U.S. exporters and replace current agreements that expire June 30, 1981. Under the new agreements, Taiwan's annual minimum purchase of U.S. corn, soybeans, wheat, and barley will total about 3.1 million tons in 1981/82.
- Cotton imports in 1980/81 (August-July) could reach 200,000 tons (about 900,000 bales), up slightly from earlier estimates as a result of improvement in the cotton textile situation. However, U.S. cotton is expected to hold a smaller share of the market than in 1979/80.—*Based on reports from Edwin A. Baur, Agricultural Officer, American Institute in Taiwan.* □

Top Ten and Total U.S. Agricultural Exports to the USSR, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		—1,000 metric tons—	
Corn	1,402	602	11,969	4,227
Wheat & wheat flour	811	336	5,363	1,769
Soybeans	489	45	1,817	172
Tallow & grease	58	28	100	52
Nuts & preparations	7	17	2	4
Vegetables & preparations	7	11	2	1
Sugar & tropical products	14	4	—	8
Tobacco	1	1	.3	.2
Fresh citrus	3	.7	8	2
Other oilseeds	4	.4	5	.5
Grand total	2,855	1,047	19,583	6,239

—Not converted to metric tons.
[1]Unconvertible units excluded.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

Top Ten and Total U.S. Agricultural Exports to Taiwan, Calendar 1979 and 1980

Item	Value		Volume[1]	
	1979	1980	1979	1980
	—Million dollars—		—1,000 metric tons—	
Corn	275	271	2,186	1,997
Soybeans	309	262	1,101	936
Cotton[2]	136	203	107	149
Wheat & wheat flour	116	104	773	551
Hides & skins	36	43	—	—
Tobacco	93	37	19	6
Other fresh fruit	34	29	52	51
Grain sorghum	2	25	20	191
Other livestock products	7	24	15	72
Barley & oats	11	19	103	133
Grand total	1,074	1,095	4,421	4,191

—Denotes not converted.
[1]Unconvertible units excluded. [2]Including linters and raw silk.
Source: U.S. Bureau of the Census (unadjusted for transshipments).

FACT FILE

U.S.-Japan Trade: Interdependence Is the Key

Japan has been the top market for U.S. farm products since 1964 and became the first billion-dollar market for U.S. farmers in 1970. U.S. agricultural exports to Japan have grown steadily and reached a record $6.1 billion in calendar 1980, primarily corn, soybeans, wheat, cotton, grain sorghum, and hides and skins.

The trade relationship between the United States and Japan is one of interdependence. U.S. farmers need to export. With one of every three acres moving into overseas sales, farmers are dependent on maintaining established foreign markets and developing new ones. Japan, on the other hand, needs to import. Supporting 115 million people on a land area the size of California, most of which is mountainous and unsuitable for farming, Japan must rely on outside sources for roughly half of its food needs (caloric basis). The average size of a Japanese farm is less than 3 acres, compared with 450 acres for an average American farm.

Benefits to Both Countries. U.S. farmers depend particularly on the Japanese market. Each year, Japan is at or near the top as the largest market for U.S. feedgrains, soybeans, and wheat—most important export commodities. Japan also imports significant quantities of U.S. sorghum, cotton, citrus, beef, pork, and poultry, and it has become a roughly $400 million market for U.S. processed foods.

The United States remains Japan's primary supplier of agricultural products. In 1979, the United States supplied about 37 percent of Japan's total agricultural imports. It provided an even larger share of a few key items—92 percent of Japan's soybean imports, 86 percent of its corn, and 56 percent of its wheat. (For more detailed U.S.-Japan trade data, see article on page 18 in this issue.)

U.S. Market Development. U.S. market development efforts in Japan began soon after World War II. Severe rice shortages created a need for a substitute, which was provided by the United States in the form of wheat. In 1959, Western Wheat Associates of Portland, Oreg., opened an office in Tokyo, concentrating on developing the Japanese market for U.S. wheat and wheat products. Following on the heels of their success, several other commodity organizations (soybeans, poultry, cotton, citrus, and feedgrains, to name just a few) began to explore marketing possibilities in Japan.

Today, the success of these market development efforts, which include in-store promotions, baking schools, feeding trials, and technical trade servicing, are clearly demonstrated in increased use and sales of U.S. commodities in Japan. This shift to Western-style diets began with wheat and continues with the increased popularity of processed specialty and consumer-ready foods.

Commodity associations were not the only ones to realize the potential of the Japanese market. Individual U.S. States and regional State groups also have contributed much to the total of U.S. agricultural sales to Japan.

Trade Policies. With ready access to imported grains and soybeans and shifting dietary habits, Japan's agriculture over the years has been moving away from the traditional emphasis on grain production toward high-value specialty crops and livestock. Japanese policy has been to endeavor to protect these segments of agriculture—fruits, vegetables, and livestock—while maintaining its remaining grain production with high support prices.

From the U.S. point of view, the result has been to restrict trade unduly and unfairly on many products. The complex Japanese system of quotas, surcharges, tariffs, administrative guidance, and other regulations designed to protect Japanese producers of basic commodities often end up discriminating against U.S. consumer-ready products. They result, for example, in Japan's importing feedgrains, but little beef; buying cattle hides, but not much leather; purchasing logs, but a small volume of lumber; and importing leaf tobacco, but few cigarettes.

The Japanese View. Japan is reluctant to adjust its farm policies any further toward greater dependence on outside food sources. Its policymakers still recall the food

shortages immediately after World War II and the temporary U.S. soybean embargo of 1973. Japan also is concerned with overdependence on a single supplier, and has invested in expanding production in other countries for such commodities as soybeans in order to diversify its sources of supply.

Japan's own agricultural production is dominated by rice, which has been in chronic surplus since the mid-1960's. Even so, imports of other foods are a major component of the Japanese diet. Japan's domestic food policy is aimed at food security and ensuring reliability of supply. But given present trends, Japan's dependence on food imports is likely to continue to rise, making the future of its agricultural trade relationship important—both to the Japanese and the United States.

Trade Negotiations. Many of these issues were addressed in formal and informal talks and negotiations, including:

- The Strauss-Ushiba understanding of Jan. 13, 1978, resulted in a 10,000-ton increase in Japan's high-quality beef imports to 16,800 tons, a threefold increase in orange imports to 45,000 tons a year, and a fourfold increase in orange and grapefruit juice imports to 4,000 tons a year, effective April 1, 1978.
- The Wolff-Nakagawa trade talks of December 1978 produced additional quota increases to be implemented over a 4-year period ending March 31, 1984. By that time, the quotas will be: fresh oranges—82,000 tons; orange juice—6,500 tons; grapefruit juice—6,000 tons; and high-quality beef—30,800 tons.
- The Tokyo Round of the Multilateral Trade Negotiations (MTN's), completed in 1979, from which the United States received tariff and other concessions from Japan worth $1.3 billion in trade value covering 156 products.

One concession from Japan under the MTN's was a "zero duty binding" on soybean imports from the United States. Although U.S. soybeans currently enter Japan duty free, it is a guarantee that U.S. exporters in the future will not find themselves up against a Japanese tariff on U.S. soybeans or see preferential tariff treatment granted to competitors.

Other benefits were new export opportunities for beef, pork, and poultry. Although the Japanese Government wants the country to become self-sufficient in poultry production during the 1980's, growth in domestic production has slowed. So there may be room for both larger domestic poultry production and larger imports in the years ahead. The MTN also obtained tariff reductions on seven types of variety meats and a 50-percent cut in the minimum duty on port imports.

Private Trade Efforts. The Japan-United States Economic Relations Group, which was established in May 1979, is an example of a related effort—conducted on a private basis.

The Group, composed of U.S. and Japanese business and academic leaders, aims to examine our bilateral economic relations and address long-term trade issues. In its January 1981 report, it found the U.S.-Japanese economic relationship generally healthy, but made recommendations on a broad range of economic matters designed to enhance our bilateral relations.

In a chapter devoted exclusively to agriculture, the Group made the following key recommendations:

—Japan should continue to shift away from the use of qualitative restrictions on agricultural imports and ultimately eliminate them by redirecting support policies.

—Japan should continue to encourage expansion of land rental to increase the average size of farms.

—Fear of food shortages in Japan is very real, but food security cannot be guaranteed through high protection of inefficient agriculture.

—To increase food security, Japan should establish a more adequate wheat and feedgrain reserve.

—The United States and Japan should enter into negotiations leading to medium-term supply and purchase arrangements.

These views are not binding on either government, but reflect the concern with the issues of agricultural protectionism and food security in Japan.

The Future. Japan is a large and growing market for U.S. farm goods. The Japanese have made efforts, particularly in recent years, to facilitate imports of consumer-ready agricultural products. However, Japan's import balance still tilts heavily in favor of raw materials, and the United States is determined to press for improved market access in Japan for all competitive agricultural items. The United States is expected to continue on a cooperative basis with the Japanese to develop future policies to meet the needs of both consumers and farmers on both sides of the Pacific.

Japan: Self-Sufficiency Rate[1] for Various Agricultural Commodities, Selected Japanese Fiscal Years[2]

[In percent]

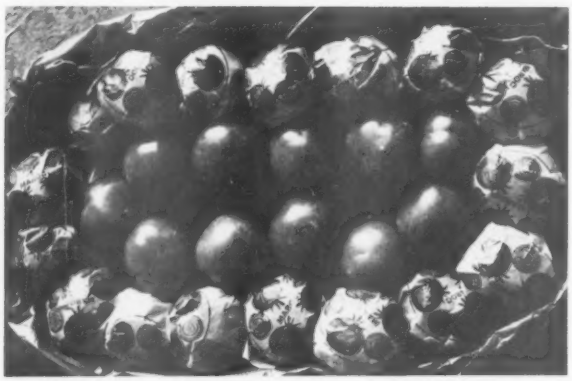
Commodity	1960	1965	1970	1975	1977	1978
Rice	102	95	106	110	114	111
Wheat	39	28	9	4	4	6
Soybeans	28	11	4	4	3	5
Barley	107	73	34	10	9	14
Beef	96	95	90	81	75	73
Pork	96	100	98	86	87	90
Eggs	101	100	97	97	97	97
Fruit	100	90	84	84	85	78
Vegetables	100	100	99	99	98	97
Milk & milk products	89	86	89	82	87	89
Cotton	0	0	0	0	0	0
All foods (value)[3]	93	88	83	79	78	77

[1]Calculation formula: Production/domestic demand. [2]April-March. [3]Value basis on the assumption of a balance in supply and demand for rice, excluding cotton and other industrial commodities as well as feeds.

Source: Food Balance Sheets, Japanese Ministry of Agriculture, Forestry, and Fisheries.

Morocco

EC Market Closeoff Just One Problem for Tomato Exporters



Moroccan export-grade tomatoes being shown at farm exhibit.

The Moroccan tomato processing industry is facing a number of troubles that could force an almost complete withdrawal from the Continental export market. Production of both fresh tomatoes and processed products is down, and product exports have fallen sharply as a result of reduced access to European Community (EC) markets. Some Moroccan processing plants have closed, and rising production costs and domestic export fees have eliminated much of the profit from foreign sales of tomato products.

Generally speaking, data on Moroccan tomato production are sketchy, difficult to obtain, and suspect when acquired. But, reportedly, weather and disease limited the size of the 1979/80 tomato crop to 400,000 metric tons, 3 percent smaller than the previous year's total. Area is estimated at 17,600 hectares.

Little data are available about tomatoes produced for processing, but it appears that—except for the Doukkala area, and possibly part of the Loukkos Valley—production of such tomatoes largely has been discontinued.

Morocco's production of fruits and vegetables grown under plastic is said to have reached about 350 hectares in 1979/80, with a large share of the vegetable area being devoted to tomato production. In fact, high-yielding tomatoes grown under plastic account for much of the increases in area and output.

Given the attraction of the European off-season—a time when Moroccan tomatoes are snapped up—production of tomatoes grown under plastic or glass may increase noticeably in the immediate future. The Ministry of Agriculture has announced plans to boost greenhouse production of tomatoes to 1,000 hectares, but as yet has released no schedule.

Moroccan tomatoes are produced on a total area of 15,000-20,000 hectares. Most of the area is located in the so-called tomato belt, which runs from Agadir to Larache (along the Atlantic Plain). Individual plots tend to be small—usually no larger than 2-3 hectares. The total work force involved in growing tomatoes is about 150,000 persons.

Tomato paste output in 1980 was reportedly down 50 percent from the previous year's level, and production of canned, whole tomatoes declined by almost two-thirds. Plants have closed in several locations, including the one at Kénitra—one of the country's two integrated tomato processing plants—as well as two others in Casablanca. The closings have reduced Morocco's processing capacity by 24 percent.

Other plants are cutting back on some production lines or are shifting to the production of other, more easily marketed canned fruits and vegetables. One firm, for example, has essentially closed its peeled tomato canning operation, and has reduced paste production for export to concentrate on other tomto products for the domestic market. Current exports consist only of canned tomatoes from stocks.

The most commonly cited reason for Morocco's poor export performance in Europe is because the EC has reduced access to Community markets. Also, trade sources say that Moroccan tomato product producers consider the EC reference price of $450 per ton for paste too low to make exporting profitable, given the high domestic export fees and shipping costs from Morocco. In addition, the industry is hampered by problems such as rising production costs and an inefficient distribution system.

The drop in Morocco's tomato exports began with fresh tomatoes, and by mid-May 1980—with only about half the year over—Moroccan tomato shipments to Europe had virtually ceased. In financial terms, the early closing of the EC market caused a loss to Moroccan exporters of about $7.38 million, compared with their income in the first half of the previous year. The downtrend also began to affect tomato products, and by the end of 1980, tomato paste shipments had dropped by a dramatic 93 percent from the 1979 level. Exports of minor tomato products such as tomato powder also declined.

Morocco's exporters pay a

3 percent service charge to the Moroccan Export Monopoly; they also pay an 18 percent EC duty, significantly higher than that charged Portugal and Spain, which are to become EC members in the next few years. Current EC members that also produce and export tomatoes pay no EC duty on shipments to other EC countries. Furthermore, some competing tomato processing industries are heavily subsidized. Morocco's industry is not.

Accession of the new EC members is seen by many Moroccan exporters as being possibly the last and fatal blow to Morocco's trade relationship with the Community. However, others believe that France and Italy—also large-scale tomato growers and processors—may protest the granting of exceptional privileges for tomatoes and tomato products from new members. This could work to Morocco's benefit.—*Based on report from Forrest K. Geerken, U.S. Agricultural Attaché, Rabat.* □

Spain

Outlook for 1981/82 Grain Crop: From Boom to Bust

Spain's 1981/82 grain crop, hard hit by severe drought, is expected to fall around 5 million metric tons short of the record 1980/81 output that was hailed as the "harvest of the century." The predicted shortfall should, at least temporarily, end the country's role as an exporter of wheat and barley, while the need for imported grains should rise significantly above 1980/81's level.

Spain's imports of U.S. grains in 1981/82 (July-June) are likely to top the 4.3 million tons estimated for the current marketing year (1980/81). The United States is expected to provide roughly one-half of Spain's 1981/82 wheat imports as well as again filling the gap left by traditional feedgrain suppliers—such as Argentina.

Current forecasts indicate a grain crop of about 13.3 million tons, one of the lowest in recent years and even below the drought-stricken crop of 13.7 million tons in 1979/80.

The wheat output is expected to be around 4 million tons, compared with 5.9 million in 1980/81. Barley production is likely to drop to 6.0-6.5 million tons from 8.6 million in 1980/81, and 6.3 million in 1979/80. Even corn production—though a large percentage comes from irrigated area—is expected to drop slightly below the 2.3 million tons produced in 1980/81.

The sharp drop in Spain's grain production in 1981/82 is the result of extended drought that began in the autumn of 1980 and night frosts in early 1981.

Light rains in February provided very little relief in the south and the central plateau of the nation's grain areas. The drought severely hit the winter wheat and barley crops, with germination minimal in many areas.

Heavier rains arrived in late March, but subsoil moisture is very low, and the winter grain crop (wheat and barley) in southern and central Spain already has been irreversibly set back, with yields forecast to be down 25-40 percent.

Winter grain area for 1981/82 was only slightly below that of the previous year, but a significant amount of this is expected to be plowed under and planted with sunflowers in order to benefit from the recent rains. Despite the rainfall, availabilities of irrigation water have dropped to low levels, which will have a severe effect on spring grains.

A large part of the traditional corn area around Seville is expected to be planted to cotton, which uses less irrigation water than corn.

On the trade side, Spain's grain exports in 1980/81 are expected to reach 1.7 million tons, with the USSR taking about 1.45 million tons.

Of total grain exports, 1.05 million tons are expected to be wheat and 600,000 tons in barley, with the USSR purchasing 850,000 tons of wheat and all of the barley.

Spain's grain imports are expected to rise significantly above the 4.4-million-ton requirements for 1980/81. Although a large part of the dropoff in grain production will be taken up by reduced exports (expected to be negligible in 1981/82), Spain will have to import more grains if utilization levels are to be sustained at 1980/81 levels.

Large carryover wheat stocks from the 1980/81 season at 1.7 million tons will limit wheat imports in 1981/82.

However, Spain's imports of coarse grains may rise almost 40 percent in 1981/82—even assuming only a minimal increase in feed utilization over 1980/81.

Spain is expected to import at least 600,000 tons of barley in 1981/82 in contrast to the 600,000 tons exported this season. The rest of the coarse grain imports are expected to be in corn and sorghum—*By James Lopes, Economics and Statistics Services.* □

Chile

Fruit Area, Production, Exports Higher; Future Enlargement Seen

Chile's deciduous fruit and grape exports set another record in 1980 and are expected to rise even higher in 1981. The United States is regularly the most important market for Chile's fruit exports, although Chile is trying to expand sales to the Middle and Far East.

Fruit production also has climbed steadily in recent years as all major fruit categories have experienced area increases, and new, more productive varieties have been planted.

Deciduous fruit and grape exports during 1980 are estimated at about 248,000 tons—21 percent higher than the 1979 figure. By far the largest fruit exports during 1980 were apples at 165,000 tons, followed by grapes (49,500 tons) and pears (22,500 tons).

Deciduous fruit and table grape exports in recent years accounted for nearly two-thirds of Chile's agricultural exports. With the fruit coming from new plantings—mostly apples and table grapes—the share of fruit exports within total Chilean agricultural exports is expected to rise further.

Exports for 1981 are forecast at 286,620 tons, consisting in part of 190,000 tons of apples, 60,000 tons of grapes, and 25,000 tons of pears. The balance will consist of minor shipments of apricots, cherries, nectarines, peaches, and plums.

Chile exported deciduous fruits and grapes to 32 countries during 1979—the last year for which exports by destination are available. However, more than 80 percent of these shipments were destined for five markets, with the United States being by far the largest.

Chile's major export markets in 1979 (1978 figures are given in parentheses), with values in thousands, were: The United States, $35,979 ($29,028); Saudi Arabia, $17,372 ($14,129); the Netherlands, $13,692 ($12,164); West Germany, $7,230 ($4,628); and Venezuela, $5,340 ($5,652).

The increase in fruit exports earnings between 1978 and 1979 resulted as much from increases in unit prices as from enlarged export volumes. This is especially true for the significant rise in the value of exports to the United States. Almost $29 million of the nearly $36 million worth of fruits exported to the United States during 1979 were table grapes, which experienced a sharp price increase during the season.

Chile is undertaking several projects to aid in the buildup of its fruit exports. It has begun to produce more red apples to comply with consumer tastes in Asia. Chile also has made significant investments in packing and cold storage facilities to improve the quality of its exported fruit and to extend the length of the export season, particularly for apples.

Furthermore, the declaration of Chile as being free of the Mediterranean fruit fly will help create a better image for Chilean fruit in those countries having strict sanitary regulations.

Deciduous fruit and grape production is rising at about 9 percent a year. Production in the 1980/81 season is forecast at nearly 515,000 tons, up almost 11 percent from that of the previous season. Since most of Chile's new fruit plantings are in the early stages of production, considerably larger crops are foreseen for future years.

The largest immediate gains are expected in apple and table grape production. In 1980/81, apple output is expected to rise to 225,000 tons, up from the 195,000 tons of the previous season.

Table grapes are forecast to climb from 83,000 tons to 95,000 tons during the same period. Forecast production of the other fruits is: Apricots, 15,000 tons; cherries, 6,000 tons; nectarines, 35,000; peaches, 82,000; pears, 41,000, and plums, 15,500 tons.

Since fruit production brings growers a high return on investments, expansion of fruit area is expected to continue for some time to come. However, the high cost of credit is slowing the current rate of growth. Area planted to deciduous and vine fruits climbed from 45,050 hectares in 1978/79 to 52,250 hectares in 1980/81.

Apples still account for the largest planted area, and growers are introducing semidwarf and dwarf varieties that permit the planting of 1,000 or more trees per hectare.

Within the past 3-4 years, table grapes—the second most important fruit produced in Chile—has experienced an area growth of about 2,000 hectares per year. If the current trend continues for the next 3-4 years, grape area will surpass that of apples.—*Based on report by Lawrence R. Fouchs, U.S. Agricultural Attaché, Santiago.* □

The Netherlands

Share of Dairy Exports to EC Falls Below 50-Percent Mark in 1980

Milk cows on pasture in the Netherlands.

Probably the most significant development in the Dutch dairy sector in 1980 was the fact that for the first time in decades the share of dairy exports to other members of the European Community (EC) dropped below the 50-percent mark, falling to 48.2 percent from 56.7 percent during the previous year.

This seems to indicate that the Dutch dairy sector's competitive position in the EC is being eroded.

As a consequence, the Dutch dairy industry is becoming more dependent on the EC export subsidy policy, and therefore more vulnerable to changes in that policy.

Looking at 1981, it is anticipated that the Dutch dairy herd will continue to expand—around 1-2 percent, at least during the year's first half. This expansion is facilitated by the improved roughage/silage situation, given normal weather conditions. With compound feed costs rising rapidly, good roughage supplies are a tremendous advantage for dairy producers in the Netherlands.

However, because of higher compound feed costs plus increasing costs elsewhere, Dutch dairy farmers are already feeling a financial pinch that is expected to be aggravated in 1981. This in turn could lead to economizing efforts by farmers—especially in compound feeds—that may result in the leveling off, or possible drop, in milk yields.

In 1981, a 1-2 percent gain also is projected for both milk production and deliveries to dairies. A large part of the increased milk deliveries is expected to be absorbed by a 15-20 percent rise in the manufacture of whole milk powder, for which the Dutch have found expanding export markets, especially in Latin America.

Possibilities for expanded canned milk production and exports are not as bright, with only a 3-percent gain anticipated. Chances for increased cheese exports are not promising at all, while domestic consumption may level off. Stagnating consumption is also foreseen for milk this year.

Production of butter and nonfat dry milk (NFDM) is projected to fall further in 1981 from the already low 1980 levels as the Dutch

continue to import more of these products from surplus-producing countries elsewhere in the Community.

These 1981 projections are based on the continuance of the EC export subsidy program. However, any significant cuts in this subsidy program will have immediate effects on the dairy sector in the Netherlands.

A cutback in the EC program would lead to significant reductions in the manufacture of commercial dairy products (cheeses) in favor of intervention products (butter and NFDM), with a consequent piling on to the already large EC stock levels.

In 1980, milk production in the Netherlands advanced almost 2 percent while milk deliveries rose 1 percent. The higher milk output is attributed to a 2-percent gain in milk cow numbers to 2.35 million as of December 1980 as well as favorable weather that prevail from August to mid-November.

The Netherlands' milk outturn last year is estimated at 11.6 million tons, of which 1.8 million tons were used for domestic fluid milk consumption, 4.2 million tons for cheese, 1.3 million tons for condensed/evaporated milk, 3.1 million tons for milk powder, and 1.1 million tons for butter.

The largest portion of the increased milk supply in 1980 went into whole and partially skimmed milk powder, followed by much smaller increases in cheese and canned milk. Stronger demand—especially from export markets—spurred the production of these commercial dairy products in the Netherlands.

As a result, less milk was available for the manufacture of butter and NFDM, thus making it more profitable to import these products.

Usually, dairy imports are not important in the Netherlands, a large dairy producing and exporting country. But in 1980, these imports rose 44 percent in value, mainly because of significant price increases for most dairy products, particularly butter and NFDM.

On the export side, shipments of dairy products during January-September 1980 totaled US$1.7 billion, 13 percent above those in the year-earlier period. This increase was realized through a 4-percent rise in volume and a 9-percent hike in average prices.

The growth in exports was led by whole milk powder, up 56 percent to US$239 million, and canned milk, up 25 percent to US$290 million.—*Based on a report from Clancy V. Jean, U.S. Agricultural Counselor, The Hague.* □

Poland

Meat Rationing Plan Introduced Nationwide

Butcher processes hog carcasses. Meat is now rationed in Poland.

After months of preparation and negotiation, Poland introduced a nationwide meat rationing plan on April 1. The plan is the Government's primary tool for dealing with serious meat shortages on the domestic market (See *Foreign Agriculture*, March 1981).

According to available reports, entitlements are based on age and occupation, and consist of three basic meat groups. Not included in the plan are meats from on-farm slaughter, supplies to workers' canteens, hospitals, schools, restaurants, etc., and certain types of meat; that is, meat of the lowest quality as well as canned vegetables mixed with meat.

In addition, a certain amount of meat will be left as a reserve against seasonal fluctuations in procurement.

What remains within the realm of the plan is well over half of Poland's total meat supplies. The proposed rations in kilograms per month:

Groups	Kg./month
Children, 1-9 years	2.0
Children, 10-12	2.7
Pregnant and nursing women, miners	5.0
Other workers	4.0
Youths 13-18	4.5
Rural population[1]	2.0

These quantities will consist of meat from three groups—red meat of higher quality (specifications are given), red meat of lower quality, and poultry.

Currently, private farmers who do not sell a minimum amount of produce to the state annually and are not employed in industry will not be allocated ration cards.

The plan is set to run for 3 months, with allowances for modifications as the need becomes evident. Extension of the plan following this period is almost assured, with some officials seeing a continuation into 1983.

As the plan now stands, it entails significant imports of meat during 1981. Per capita consumption from all sources is expected to fall from 72.5 kilograms in 1980 to just 64.5 kilograms this year.

Government officials estimate that more meat will be moving outside official state channels and that the danger of a large black market in coupons and meat exists.—*By Edward Cook, Economics and Statistics Service.* □

[1]Those supported from farm income, state and co-op farm workers, part-time farmers and their dependents.

TRADE BRIEFS

U.S. Farm Exports To Venezuela Hit New High in 1980

U.S. agricultural exports to Venezuela reached a record $701 million during calendar 1980, a gain of 42 percent from the year earlier. Corn exports rose substantially from just $10 million in 1979 to $154 million last year as sorghum sales declined somewhat. Exports of U.S. soybean meal and cottonseed oil were especially strong last year, amounting to $85 million and $49 million, respectively. U.S. wheat shipments to Venezuela increased slightly to $135 million while poultry exports fell 29 percent to $18 million. U.S. farm exports to other Caribbean areas served by the U.S. Agricultural Counselor's Office in Caracas amounted to $250 million in 1980. Total U.S. agricultural exports to this whole region are forecast to reach $1.4 billion this year.

U.S. Celebrates Silver Anniversary in Berlin's 'Green Week'

The United States participated in Berlin's "Green Week" for the 25th time, and the silver anniversary was the central theme of this year's "Foodland USA" presentation. Wide recognition of the anniversary was received from West German Agriculture Minister Ertl, other dignitaries, and the German press, television, and radio. The United States, with a pavilion of 1,100 square meters, was one of 37 nations represented in the event that concluded on February 1. The U.S. exhibit consisted of 18 stands featuring a variety of foods ranging from California wines to soy bread. A special focus at the exhibit was the promotion of U.S. high quality beef.

Norway Increases Apple Quota

Norway's Ministry of Agriculture recently raised the quota for apple imports during May-July from 5,000 metric tons to 10,000 tons. In addition, supplementary quotas may be granted for imports in July, depending on the level of stocks and the volume of unused licenses. The increased quotas provide enhanced market stability for importers until the Norwegian apple harvest begins in August. The major effect of the Ministry's action: Reduced imports of Southern Hemisphere apples, but little effect on imports of U.S. apples.

'American Menu' Popular At Amsterdam Hotel

The Novotel, a large hotel-restaurant in Amsterdam, promoted an "Authentic American Menu" that featured high-quality U.S. beef, California wines, and other U.S. foods, including Alaska king crab, Florida and Texas grapefruit, iceberg lettuce, walnuts, and raisins. The Novotel ran the 10-day promotion in February with an exlusive American menu during dinner hours. The most popular dish was the strip loin, of which 168 were served. Another favorite was the American hamburger, made with U.S. beef.

Sales to Soviet Union Keep Italy's Flour Exports at High Level

Italy's flour exports in 1980/81 are likely to reach 400,000 metric tons—some 20 percent below the year-earlier level but still unexpectedly high, largely because of a reported sale of 200,000 tons to the Soviet Union. Pasta exports, including a 25,000-ton sale to the Soviets, are expected to be slightly above last season's level of 198,000 tons. Italy's imports during 1980/81 are estimated at 2.35 million tons of soft wheat and 550,000 tons of Durum, compared with 2.63 million tons of soft wheat and 762,000 tons of Durum last season. The United States is expected to supply roughly 550,000 tons of soft wheat and about 230,000 tons of Durum to Italy in 1980/81. Both exports of U.S. soft wheat and Durum to Italy are expected to be similar to last season's level.

U.S. Barley, Oats, and Lentils Gain in Ecuador

U.S. companies are entering the Ecuadorean market with three commodities that previously were supplied almost exclusively by Australia and Chile. Sources in Ecuador's brewing industry have indicated that because of Australia's reduced barley crop and competitive U.S. prices, they are importing 7,500 metric tons of U.S. barley for malting purposes. In the past, Ecuador has imported oats from one source—Australia. However, because of the lack of availability in Australia and the pricing situation, some 10,800 tons of U.S. oats were purchased in late 1980 and a similar amount should be imported during the 1981/82 crop year. The third commodity is lentils, traditionally imported from Chile with occasional shipments from the United States. Now, a U.S. firm has a contract to deliver 1,000 tons, or about 20 percent of Ecuador's projected imports during 1981. The door apparently has been opened wide for future contracts of U.S. lentils.

Spain's Citrus Export Estimates Drop; Bad Weather Blamed

As a result of a cold wave and gales in late 1980, Spain's citrus exports may fall from the earlier forecast of 1.7 million metric tons to a range of 1.4 million to 1.45 million tons in 1980/81. Trade sources are expecting export projections to be lowered by 200,000 tons for oranges, 30,000-50,000 tons for lemons, and 25,000-50,000 tons for tangerines. The country's citrus exports since the beginning of the 1980/81 season in late September through April 22 were running 4 percent below the year-earlier level. The frost reportedly caused little or no damage to citrus trees that were budding earlier than normal, and barring adverse weather, Spain's 1981 crop should be normal.

Here & There

The French Government has announced a program for the use of alcohol in motor fuel in an effort to sharply reduce petroleum usage by 1990. The alcohol would be produced mainly from domestic farm products . . . Thailand's export movement of cassava, mostly to the European Community, has slowed in recent months, with total 1981 exports estimated at 5.0 million tons, roughly the same amount as in 1980. . . A new "Saudi-Irish Dairy Company"—a joint venture between Dallah Industries, Saudi Arabia, and the Irish Dairy Board—opened in Riyadh in mid-February. The factory will produce Irish milk products and reconstituted milk, getting the bulk of its raw materials from Ireland.

U.S. Products Spotlighted At Huge Tokyo Food Exposition

Business men and women participating in the American exhibit at the International Hotel-Restaurant Food Exposition in Tokyo were generally pleased with the results.

Their final reports to the Office of the U.S. Agricultural Counselor to Japan, which managed the exhibit, indicated that most stayed in Tokyo after the show to follow up on business leads developed in the exposition hall—and most hoped to return next year to the annual event.

About 60 U.S. companies displayed close to 500 products, ranging from steaks to marshmallows, in 50 booths. They were among 600 companies from 13 countries competing for a share of the, market in the $5-billion-yearly Japanese food service industry.

Several U.S. products new to the market attracted considerable interest, among them salted, roasted sunflowerseeds from the Midwest, pineapple wine from Hawaii, jumbo filberts from Oregon, peeled beef tongue from Nebraska, and farm-raised salmon from Washington State.

Less exotic offerings included portion-controlled beef, further processed poultry products, sea foods, canned and dehydrated fruits and vegetables, and other dietary staples.

States with booths in the show were Hawaii, Oregon, Michigan, Indiana, and Minnesota. Also participating were the Poultry and Egg Institute of America, the American Soybean Association, the U.S. Meat Export Federation, the Old West Regional Development Commission, and the U.S. Potato Board.

"There is a lot of interest in Oregon products, and we have picked up some solid leads for the companies back home," said Ken Meier of the Oregon Department of Agriculture, which represented 17 companies at the exposition. "There's been particular interest in our frozen fish, potato products, and onions. We ship onions here now, and a lot of people know them and their high quality."

Meier, who termed exports "a good, solid way to improve the agricultural economy of Oregon," travels abroad about 4 months a year showing Oregon food products around the world under the banner of Oregon Food Industries, a name selected by the Oregon Agriculture Department to give a continuing identity to its overseas export promotion ventures.

Robert L. Mercer, executive vice president of the Potato Board, said the board's participation in the Tokyo show last year led to a decision to return in 1981.

"We found some good contacts last year, and we have picked up a number of excellent leads this year," he said. "It is important to come every year. It is a real help for the smaller companies or that probably could not afford to participate, but even the big ones like it."

Indiana has been actively promoting agricultural exports for less than 2 years, but interest in exporting among Indiana companies is on the rise, according to Naomi Campbell of the Division of Agriculture of the Indiana Department of Commerce.

"Just in the last 3 months we have had a lot of calls about getting into exporting, and you can be sure we are encouraging them to try it," she said.

She said she had picked up more than 30 business leads that will be made available to companies in Indiana for follow up.

The Minnesota booth advertised the United States Agri-Business Exposition-82 to be held September 10-12, 1982, in Minneapolis. Besides wine, Hawaii's products included papaya, juices, and candy, while Michigan featured cheese, cherries, and other processed foods.—*Wallace A. Lindell, Acting Editor* Foreign Agriculture *Magazine.* □

Top: Jay Killen of the Oregon Department of Agriculture hands out sample of dehydrated soup from Oregon. At bottom, Sam Heikes of Fort Pierre, S.D., discusses sunflowerseed with visitor to Sigco Sun Products booth.

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Plans Announced for 1983 U.S. Food Show

The first national food export exhibit—and the beginning of a biennial event to be staged in various U.S. cities—will be held in Atlanta, Georgia, May 17-19, 1983. As many as 700 U.S. firms from all 50 U.S. States may participate in the show—the NASDA National Food and Agriculture Exposition—which is expected to attract around 1,000 foreign buyers.

Sponsored by USDA's Foreign Agricultural Service (FAS) and the National Association of State Departments of Agriculture (NASDA), the exhibit is designed to increase exports of U.S. food and related products and provide a meeting ground for foreign importers and the U.S. agriculture and agribusiness trade generally.

NASDA represents the commissioners, secretaries, and directors of departments of agriculture in the 50 States and 4 U.S. territories. It has been involved in joint market-development work with FAS since 1969—including participation in regional food shows such as an annual exhibit in New Orleans.

NASDA thus is taking this regional show concept one step further, turning it into a national exhibit to be held every other year in different regions of the United States.

U.S. exports of processed or consumer-ready products—the main focus of these exhibits—were valued at $4.4 billion in fiscal 1980, accounting for nearly 11 percent of the $40.5 billion worth of total U.S. agricultural exports. Exports in fiscal 1981 are seen rising to $47 billion.

For further information on the NASDA exhibit contact Robert Mannion, Tel: (202) 447-7927. □

U.S. Chef Team Wins Nine Medals at World Culinary Event

An American food products company, entering a team for the first time in the 15th International Culinary Competitions in Frankfurt, Germany, has been awarded nine medals—three gold, four silver, and two bronze.

This number of awards to individual team members, competing for the first time in the prestigious world event, was considered such an outstanding achievement that the host, German Chefs Association, awarded an additional gold medal to "The House of L. J. Minor" for its outstanding displays and product quality.

L. J. Minor is a member of the U.S. Agricultural Export Development Council (USAEDC), an organization that serves as the general point of contact between commodity and regional market development cooperators and USDA's Foreign Agricultural Service, and is a regular exhibitor at USDA food exhibits overseas. □

Nurserymen's Group Added As FAS Marketing Cooperator

The number of USDA market development cooperators now stands at 54.

One of the latest organizations to sign a market development contract with the Foreign Agricultural Service was the Florida Nurserymen and Growers Association, Inc., headquartered in Tampa, Fla.

The Association will promote the export of tropical and ornamental plants and trees. It joins a roster of diverse producer groups that cooperate with USDA in foreign market development. Among them are organizations working to promote exports of cotton, fruits and vegetables, grain and feed, oilseeds, tobacco, seeds, livestock and meat, and dairy and poultry products.

Jimmy Minyard, Assistant Administrator for Foreign Market Development, signed the cooperator agreement on behalf of FAS; Association President Fount H. May, Sr., signed for the nurserymen.

At the signing Minyard remarked, "We are pleased to have the Florida Nurserymen and Growers Association as an FAS market development cooperator. We think the exports of U.S. tropical and ornamental plants overseas can be enlarged from its current level to make a greater contribution to the U.S. international trade account. We look forward to working with the association and its members to that end."

Minyard said one of the first projects under the new agreement will be to undertake a marketing survey of Western Europe to determine "not only the market size, but the best ways to develop and maintain the European market."

The Florida Nurserymen and Growers Association is a trade association made up of 1,200 firms representing all facets of the tropical and ornamental foliage industry. Membership, which is not limited to Florida companies, includes out-of-State firms as well as firms in Puerto Rico. □